

# Congressional Record

## SEVENTY-SECOND CONGRESS, FIRST SESSION

### SENATE

FRIDAY, JULY 8, 1932

The Senate met at 12 o'clock meridian.

Rev. Frederick Brown Harris, D. D., minister of the Foundry Methodist Episcopal Church of the city of Washington, offered the following prayer:

Our Father God, still our faltering hearts as we bring our weakness to Thy might, our failure to Thy perfection, our littleness to Thy greatness. May the rush and roar of the tumultuous present not so browbeat our lives that we shall lose our perspective, our poise, and our peace. In demanding days may we possess our souls in patience. May the white principles by which we live, which are the very breath of our better selves, never be strangled by policy or cunning. Search our hearts, and purge them, too, so that nothing unworthy may make us recreant to the dream which has lured the prophets and seers of the ages, when the crooked things shall be made straight, when the wilderness shall blossom as the rose and earth's solitary places shall be made glad. Even in times like these may our faith be triumphant o'er our fears as, in spite of rock and tempest's roar, in spite of false lights on the shore, a nation of freemen from sea to shining sea cry out with patriotism pure and undefiled, "Our hearts, our hopes, our prayers, our tears, are all with thee, are all with thee." In the name of our fathers' God, author of liberty, we ask it. Amen.

#### THE JOURNAL

The Chief Clerk proceeded to read the Journal of the calendar days of Tuesday, Wednesday, and Thursday, July 5, 6, and 7, 1932, when, on the request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Stelwer
Brookhart	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkey	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Morrison	Vandenberg
Caraway	Hastings	Moses	Wagner
Cohen	Hatfield	Norbeck	Walcott
Connally	Hawes	Norris	Walsh, Mass.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

#### REPORT OF THE RECONSTRUCTION FINANCE CORPORATION (S. DOC. NO. 135)

The VICE PRESIDENT laid before the Senate the report of the Reconstruction Finance Corporation, submitted pursuant to law, covering its operations for the period from the organization of the corporation from February 2, 1932,

to June 30, 1932, inclusive, which, with the accompanying papers, was referred to the Committee on Banking and Currency and ordered to be printed.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Loren D. Schoppe, secretary of the Franklin Chamber of Commerce, Franklin, Pa., submitting a statement entitled "The Evils of Margin Trading—a Crusade by the Franklin Chamber of Commerce," which, with the accompanying paper, was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter from Erik L. Madsen, editor of the Appleton Review, Appleton, Wis., inclosing an editorial from the Appleton Review of the 1st instant entitled "Prosperity in 24 Hours," submitting a plan for restoring business conditions by the use of liberal bank credits, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a memorial from the rector and members of St. Nicholas Orthodox Russian Church, of Seattle, Wash., remonstrating against recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter from B. C. S. Herm, Chicago, Ill., relative to prohibition and the regulation of the liquor traffic, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the council of the city of St. Paul, Minn., favoring the passage of the so-called Garner-Wagner emergency relief bill as an aid in the unemployment situation, which was ordered to lie on the table.

He also laid before the Senate a telegram from the Goodland Building and Loan Association, by Doris E. Soden, president, Goodland, Kans., favoring the passage of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, without the so-called Bingham beer amendment, which was ordered to lie on the table.

He also laid before the Senate a telegram from the Wyandotte County League of Building and Loan Associations, by Frank S. Powell, president, Kansas City, Kans., favoring reconsideration by the Senate of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, "on the basis as passed by the House," etc., which was ordered to lie on the table.

He also laid before the Senate memorials and letters and telegrams in the nature of memorials from sundry citizens and organizations of the States of Massachusetts, Pennsylvania, Michigan, Illinois, New York, Minnesota, and Washington remonstrating against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which were ordered to lie on the table.

#### UNEMPLOYMENT RELIEF

Mr. BLAINE. Mr. President, some time ago I presented several thousand names on a petition under the auspices of the Wage Earners' National Relief Association. At that time the body of the petition was printed in full in the RECORD. I do not ask that that be done now. I simply refer to that and ask that the petition which I now present, signed by 19,207 names in favor of unemployment relief, be received, that there be printed in the RECORD the itemized

list of the cities and number of signatures from each, and that the petition lie on the table.

There being no objection, the petition was received, ordered to lie on the table, and the list to be printed in the RECORD, as follows:

*Itemized list of cities and the number of signatures from each*

Chicago, Ill.	1,167
Cleveland, Ohio	1,007
Cincinnati, Ohio	10,618
Louisville, Ky.	100
Ashtabula, Ohio	400
Conneaut, Ohio	250
Columbus, Ohio	400
Baltimore, Md.	415
Dayton, Ohio	600
Detroit, Mich.	4,250
Total	19,207

#### REPORTS OF COMMITTEES

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 855) for the relief of William Ray Taplin, reported it with amendments and submitted a report (No. 989) thereon.

Mr. JONES, from the Committee on Appropriations, to which was referred the joint resolution (H. J. Res. 461) making appropriations to enable the Federal Farm Board to distribute Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress, reported it without amendment and submitted a report (No. 990) thereon.

Mr. BROOKHART, from the Committee on Interstate Commerce, to which was referred the bill (S. 3770) to prevent the obstruction of and burdens upon interstate trade and commerce in copyrighted motion-picture films, and to prevent restraint upon free competition in the production, distribution, and exhibition of copyrighted motion-picture films (a) by prohibiting the compulsory block-booking of copyrighted motion-picture films; (b) by making unlawful unreasonable and discriminatory protection in favor of certain theaters over others; (c) to compel the furnishing of accurate synopses of all pictures offered to theater operators before the same have been released and reviewed; and (d) to amend section 2 of the Clayton Act to make it apply to license agreements and leases as well as sales in interstate commerce, reported it without amendment.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 4961) granting a pension to Elsie Blanchard (with accompanying papers); to the Committee on Pensions.

By Mr. FESS:

A bill (S. 4962) to provide for the sale of internal-revenue stamps by postmasters in cities of over 2,500 inhabitants; to the Committee on Finance.

By Mr. HASTINGS:

A bill (S. 4963) to amend the act of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act; to the Committee on the Judiciary.

By Mr. SHORTRIDGE:

A joint resolution (S. J. Res. 194) conferring jurisdiction upon the Court of Claims to render findings of facts in the claim of the Mack Copper Co.; to the Committee on Claims.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10246) to fix the fees to be charged for the issue of domestic money orders.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10494) to provide a postage charge on notices to publishers regarding undeliverable second-class matter.

#### MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On July 6, 1932:

S. 2570. An act authorizing adjustment of the claim of Joseph E. Bourrie Co.;

S. 3447. An act for the relief of John Stratis;

S. 4759. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Florence, Nebr.; and

S. 4874. An act to grant a right of way or easement over lands of the United States within the Upper Mississippi River Wild Life and Fish Refuge to the Savanna-Sabula Bridge Co., a corporation, for the construction, maintenance, and operation of a highway between Savanna, Ill., and Sabula, Iowa.

On July 7, 1932:

S. 904. An act for the relief of Elizabeth B. Dayton; and

S. 4735. An act to authorize the acceptance of relinquishments by the State of Arizona and the city of Tempe, Ariz., to certain tracts of lands granted by the act of April 7, 1930, and to direct the Secretary of the Interior to issue patent to said tracts to the Salt River Valley Water Users Association.

#### REPORT OF THE COUNCIL OF NATIONAL DEFENSE

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Military Affairs and ordered to be printed:

*To the Congress of the United States:*

In compliance with paragraph 5, section 2, of the Army appropriation act approved August 29, 1916, I transmit herewith the Sixteenth Annual Report of the Council of National Defense for the fiscal year ended June 30, 1932.

HERBERT HOOVER.

THE WHITE HOUSE, July 8, 1932.

#### EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States, submitting sundry nominations in the Army, which was referred to the Committee on Military Affairs.

#### PURCHASE OF POST-OFFICE SITE IN NEW YORK CITY

Mr. BLAINE. Mr. President, may I have the attention of the senior Senator from New York [Mr. COPELAND]?

The VICE PRESIDENT. The attention of the senior Senator from New York is requested.

Mr. COPELAND. Very well.

Mr. BLAINE. A few days ago when the Philippine independence bill was before the Senate as the unfinished business the Senator from New York had the floor. During the afternoon I was called from the Chamber. The Senator from New York asked for the consideration of a bill which was then on the calendar providing for the purchase of the Grand Central Office Station for post-office purposes and made the statement that the Senator from Pennsylvania [Mr. REED] had objected to the consideration of the bill previously, but failed to make the statement that I had seriously and vigorously objected to the consideration and passage of the bill. The bill, however, was taken up and passed, immediately forwarded to the House, an amendment offered by the Senator from Pennsylvania there agreed to, and the bill then immediately messaged to the President.

I now have a letter from Mr. Stewart Browne, president of the United Real Estate Owners' Association, protesting against the bill and showing quite clearly, in his letter to the President dated July 7, that the amount provided for in the bill is an excessive price. I desire to offer for the RECORD the letter from Mr. Browne. It is a letter addressed to the President of the United States asking him to disapprove of the bill.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.



The letter is as follows:

UNITED REAL ESTATE OWNERS' ASSOCIATION,  
New York City, July 7, 1932.

The President,  
Washington, D. C.

SIR: We understand that a bill has passed Congress and waits your signature to purchase the property, now rented by it, for its Grand Central Office Station and pay about \$15,000,000 for the property.

For the following reasons we protest against such an outrageous purchase:

*Assessed valuation of the property*

Year	Land	Building	Total
1920.....	\$1,350,000	\$2,050,000	\$3,400,000
1927.....	4,625,000	1,875,000	6,500,000
1930.....	5,350,000	1,900,000	7,250,000
1932.....	6,025,000	1,475,000	7,500,000

This building is 30 years old. Its present value is its present reconstruction cost of \$1,800,000, less 2 per cent depreciation per annum for 30 years, or \$700,000, making its value \$1,100,000.

There is no such increase in land value as shown above. Between 1930 and 1932 all land values in Manhattan had decreased fully 25 per cent instead of increasing.

No property in Manhattan has sold in 1930, 1931, and 1932 for anything like its assessed valuation, generally for 75 per cent or less.

The New York Central has an easement under the building for its tracks. That easement represents at least 20 per cent of the property's fee value.

The Graybar Building interests are said to have an unexpired option on this property.

The post office rents (under a lease expiring December 31, 1933) the whole of the property it proposes buying. What rent it pays we have no means of knowing.

We have had political graft in all property bought by the city of New York, but no political graft ever equalled this.

Why should the Federal Government buy when it can continue to rent, and why should it buy now?

If the Post Office Department insists upon buying this property, why doesn't the Government buy it by condemnation proceedings?

We respectfully ask that you veto this bill.

I am, sir, respectfully yours,

STEWART BROWNE, President.

Mr. COPELAND. Mr. President, in response to what the Senator from Wisconsin said, in view of the fact that he asked my attention be given to his remarks, it is true that the bill was called up in the Senate. I anticipated that the Senator from Pennsylvania [Mr. REED] would make an objection, but his objection was satisfied by reason of the adoption of an amendment which he himself offered. But I said privately to the Senator from Wisconsin that which I repeat here, that as I understand the matter the Senator from Wisconsin objected because the bill had not been referred to the Interstate Commerce Commission. Am I right in that?

Mr. BLAINE. My objection, when I stated it upon the floor, was that the price fixed in the bill was excessive, that the Interstate Commerce Commission through its valuation division could very readily value the land, and I assert now that had I been present when the bill was called up for consideration, I would have offered an amendment providing that the purchase should be made at a price not exceeding the value fixed by the valuation division of the Interstate Commerce Commission.

Mr. COPELAND. Mr. President, I have been assured that the Interstate Commerce Commission will be asked to make an appraisal. Furthermore, I agree fully with the Senator that if the amount carried in the bill were to be the price paid, I should think it excessive, but the bill provides that not to exceed the amount named therein shall be the sum fixed. There will be negotiations between the Treasury and the Post Office Departments, on the one hand, and the owners of the property, on the other, and the advice of the Interstate Commerce Commission obtained, so that when the price is finally fixed, I have no doubt it will be materially less than the upset price provided for in the bill.

*WEALTH AND RESOURCES OF AMERICA*

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "Count Your Change," appearing in Collier's magazine of July 9, 1932.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

*COUNT YOUR CHANGE*

There's no argument in this editorial. It's merely a collection of facts, incontrovertible, eloquent facts that confound those who profess to see America slipping down into a state of effortless despair.

America's mutual savings-bank deposits are \$1,233,000,000 higher than they were at the peak of the boom three years ago.

Total bank savings to-day exceed \$29,000,000,000, equal to more than \$1,000 for every family in the land.

Savings depositors number 52,000,000, nearly 2 per family.

The number of Americans owning stock has increased almost 40 per cent since 1929.

A group of 102 companies which had 5,539,036 stockholders at the end of the boom year had 7,675,143 stockholders at the beginning of this year.

One company alone to-day has over 665,000 stockholders, a gain of more than 195,000 since the boom. This company (American Telephone & Telegraph) has assets exceeding \$3,200,000,000.

No other nation on the face of the earth can show such widespread ownership of money and stocks.

Our total stock of gold is \$4,000,000,000. No other country ever possessed so much. Britain, for example, has only \$588,000,000.

Currency in circulation aggregates \$5,464,000,000 or \$700,000,000 more than in the boom.

A recent offering of \$450,000,000 of United States Treasury securities elicited subscriptions totaling \$4,196,296,700—more than nine times the amount offered.

Last year \$16,500,000,000 worth of new life insurance was written. Total insurance now carried is estimated at \$109,000,000,000, or not far short of \$1,000 for every man, woman, and child in the United States.

Policies in force total 127,800,000.

One company alone (Metropolitan) has in force many more policies (44,520,810) than there are families in America.

Such safeguard, such security, is enjoyed by the people of no other nation in the world.

Our total national wealth, estimated at \$329,700,000,000, is greater than that of a dozen continental European countries combined.

The income of the American people comfortably exceeds \$1,000,000,000 a week.

The per capita income here is far greater than in any other land.

There are still six or seven persons gainfully employed for every person idle.

Foreigners owe American investors approximately \$18,000,000,000. In addition, foreign governments owe our Government \$7,000,000,000, and we are still selling abroad more than we are buying.

No fewer than 25,800,000 automobiles are owned by Americans—almost one for every family.

This total is almost three times the number owned by all the rest of the world.

Americans possess far more telephones (19,500,000) than all other countries put together.

Radios continue to multiply. The latest authoritative computation puts the total at over 16,545,000, representing an investment of more than \$1,600,000,000, also a record unapproached by any other people.

How many new domestic mechanical refrigerators have been bought, would you guess? A grand total of fully 3,750,000, at an estimated expenditure approaching \$2,000,000,000. And most of these have been installed in the last three years. In no other part of the globe do half as many homes enjoy such a luxury; Americans are rapidly coming to regard it as a necessity.

America has more home owners than any other nation.

A recent survey of 29 typical small towns revealed that 71 per cent of the inhabitants owned their homes, that 88 per cent had electric light, 72 per cent had baths, 51 per cent had electric washers, 55 per cent had radios, 41 per cent had vacuum cleaners.

There are more families in America than in any other land that can afford to and do send their children to high school and college.

In no other land do so many average families have the means to enjoy foreign travel.

Expansion in airplane travel, the most costly of all common forms of overland transportation, has been greater here than abroad during recent times.

The theater of the masses, the movie, still attracts a weekly average attendance of 75,000,000.

Our so-called national "luxury" bill is still away up in the billions a year.

It took a billion and a quarter pounds of candy to satisfy our sweet tooth in 1931—no decrease from the 1929 total.

The percentage of our agricultural population who, despite deflation, are acquiring domestic comforts, conveniences, labor-saving devices, improved machinery, the use of better roads, is constantly increasing.

To-day more than 700,000 farms are electrified, representing an increase of 400 per cent in eight years, and the total is being swelled rapidly.

In industrial communities hard manual toll is being steadily abolished by the introduction of machinery. Each American worker now has at his command five horsepower, a record not even remotely approached outside our boundaries.

The average working day a generation ago was 10 to 12 hours. The standard in this generation is eight hours, with the trend running toward a still shorter workday.

The work week used to consist of six (even seven) days. Now it is 5½ days, with the 5-day week coming into vogue.

America has always recovered from periods of depression and pressed forward to new heights of prosperity.

Never in the past was America so well equipped as it is to-day to resume an epochal forward march. Not only have we changed from a debtor Nation to the greatest creditor Nation on earth, not only have we vaster national wealth, not only have we an unprecedented supply of gold, but we are richer in experience, richer in inventive brains, richer in scientific knowledge, richer in machinery, richer in productive facilities, richer in managerial skill, richer in discovered mineral and oil resources, richer in transportation facilities by land and air and water, richer in every material wealth-creating product and process, richer in craftsmanship, richer in everything \* \* \*

Clip this page out of Collier's and put it in your pocket. It will bear rereading many times this summer when politicians invite you to tear your hair over the state of the country. The country is all right. What we need is less hysteria and more confidence and courage.

#### INCOME FROM COMMITTEE ON PUBLIC LANDS AND SURVEYS DISCLOSURES

Mr. NYE. Mr. President, I send to the desk a resolution and ask that it may be read.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 264), as follows:

*Resolved*, That the Joint Committee on Internal Revenue Taxation be, and it hereby is, requested to secure from the Secretary of the Treasury and submit to the two Houses of Congress at the earliest practicable time full and complete information concerning any and all taxes and penalties which have been collected by or paid into the Treasury consequent upon disclosures made before the Committee on Public Lands and Surveys of the Senate in the course of the investigation conducted by it pursuant to Senate Resolution 101, Seventieth Congress, first session, or through inquiries prosecuted incidental to such investigation, including the date of payments, the amount of the same, and the persons making the payments; and likewise, in so far as it may not be incompatible with the public interest, further information concerning any claims or demands being made by the Treasury against any persons or corporations for taxes or penalties over and above such sums as may have been heretofore paid on account of the receipt of assets so disclosed and not duly reported for taxation as required by law.

Mr. NYE. Mr. President, since the resolution asks only for information, I am sure it will not occasion debate or argument at this time, and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection?

Mr. JONES. Mr. President, I should like to hear the resolution again read.

The VICE PRESIDENT. The resolution will again be read.

The Chief Clerk again read the resolution.

Mr. McNARY. Mr. President, I am somewhat confused by the language of the resolution, and I should like to have a statement made by the Senator from North Dakota as to what it proposes.

The VICE PRESIDENT. Is there objection to the Senator making a statement? The Chair hears none.

Mr. NYE. Mr. President, the language employed in this resolution is not unlike the language used in the resolution of May 3, 1928, offered by the Senator from Montana [Mr. WALSH]. This resolution is offered at the present time merely to secure the information that is available, since the Internal Revenue Bureau complied with the request of 1928, and I am sure there can be no objection to its adoption.

Mr. McNARY. Mr. President, I want to read the resolution carefully, and, temporarily at least, I ask that it may go over.

The VICE PRESIDENT. The resolution will go over for the day.

#### CHANGES IN ENROLLMENT OF LEGISLATIVE APPROPRIATION ACT OF 1933

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution coming over from a previous day, which will be read.

The Chief Clerk read the concurrent resolution (S. Con. Res. 33) submitted by Mr. BINGHAM on June 28, 1932, as follows:

*Resolved by the Senate (the House of Representatives concurring)*, That the Clerk of the House of Representatives is authorized and directed, in the enrollment of H. R. 11267 (the legislative

appropriation act for the fiscal year ending June 30, 1933) to strike out all of section 213 (including the caption thereof) and to make such changes in section numbers and cross-references thereto as are made necessary by striking out such section.

The VICE PRESIDENT. The Chair is advised that the resolution should be indefinitely postponed.

Mr. BINGHAM. Mr. President, in view of the fact that the concurrent resolution, if adopted, could have no possible effect at the present time, I ask that it may be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered.

#### MEMORIAL DAY SERVICES—ADDRESS BY COMMANDER BAINBRIDGE

Mr. KEAN. Mr. President, I ask permission to have printed in the RECORD an address delivered on the Sunday before Memorial Day by Commander William Seaman Bainbridge, United States Naval Reserve, under the auspices of the American Legion of New York County, at St. Thomas Church, New York City.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

Comrades and friends, just why a spiritual leader like my friend, Dr. Brooks, rector of St. Thomas, or some other outstanding inspirational orator is not here to address you to-day in my stead, is beyond my ken. And yet, as I have thought it over since receiving the invitation from the American Legion committee, it does appear that when we consider war and all that war means, a doctor with military experience can speak from personal knowledge that others do not possess. From the battlefields and on through the years, it is the physician who comes into closest touch with suffering, disease, and death, and that may be the excuse for my presence on this occasion.

To-day is a day of remembrance, when we again think of the call we all had to service, and of those who were chosen for the supreme sacrifice. They accepted and bravely gave their all. Not only what they were but, a vast deal more, they gave what they might have been. Although we were called we were not chosen for that great sacrifice. Ours has been a different duty—that of carrying on, as important and oft as hard as going west in battle casualty. Our comrades who have gone are not fallen, but risen! And I affirm that no one can gainsay that they may not be watching to-day how we fulfill the charge to keep the faith with our country and with them, as we march along through the years.

But there are many others for whom this day should be one of remembrance. There are those who have the arduous duty which sorely strains, to continue to live, handicapped in body, or nerve, or mind. Theirs is a continuing sacrifice, which challenges our thought, our sympathy, and our untiring aid.

In this connection I am reminded of an American officer in the World War, married, with two dependent children. He was beyond the draft age, but he had something his country needed—expert knowledge in a certain department of engineering. He was asked to go and he went, with the full consent and cooperation of the mother of his little brood—this her contribution. Splendid service was performed by this officer, but he was stricken with tuberculosis following an attack of influenza and pleurisy at the front. He was brought home and lived in a little hut in the Carolina mountains. His lung was riddled and he was racked with pain. Week after week for three years he fought his hardest fight. The glamour of the battlefield, the plaudits of those enthusiastic over the bravery and patriotism of the soldier boy had long since died away. He was fighting his battle largely alone. At the end of the third year he passed on, and under his pillow was found a little leather case, covered with isinglass, into which he had slipped a motto, and above which he had written: "I received this from a pollu at the front. He used it as his motto and tried to live it. I have been trying to live it, too. Others must decide whether I have succeeded." The verse was:

"I know the thought shall comfort me  
When death summons me down the arches of the years,  
I gave my laughter with my every breath;  
I hid my tears."

We must think, too, of thousands and thousands of little homes—childless, and of the multitude of young women, now in middle life, going through their earthly journey without the realization of that supreme ideal of partnership and the consummation of dreams for the future. The strength of our land, the hope of the days to come, lie in the homes with little children growing up with firm belief in God and love of country. In proportion as war has eliminated these, in that degree has our land been weakened and impoverished. There remains for a multitude of noble women only a heart-sickening knowledge that their air castles have fallen and that they must go on never to hear themselves called "Mother."

In this day of economic stress and strain we must think, also, of the fathers and mothers who, early in their lives, made their great investment in the education of their boys, forfeiting thereby a bank account and material treasures for the long day at the end



of the road. They equipped their sons and looked forward to the time when the shadows would lengthen and the sunset glow be nearer, and, through their boys, they would have a happy, quiet eventide, without the suffering caused by want. They gave a priceless contribution to their country and their country's cause. Many forfeited ease and comfort in their older years. These heroic fathers and mothers should receive the honor due them as their strength lessens, their days shorten, and they plod along.

When we evaluate heroism and bravery on the battlefield, let us remember the continuing heroism and bravery of these groups of people, for war interrelates all of them.

Perforce government can not have a heart. It must be largely head work. It is a business, mechanical and metallic. Yet, how wonderfully the heart is interjected during war. A common danger makes us all one. No longer does war mean armies and navies alone, it means whole peoples; and at these times there is an outflowing of real sentiment, and Himalayan peaks of love and helpfulness for one's countrymen are reached. After war, there is a quick transition back into the mechanical business measures of government. But we must remember that there is still unfinished heart work and it is for the churches of the Prince of Peace, and the patriotic societies such as the American Legion, and other agencies, to complete this complementary work of the heart and hand for the head work of government.

We were all willing to do all we could in the war, and the only request we made was to be placed where we could do most, and we tried to do all we could, the best we could, wherever we were. Providentially, we were saved to form the home guard, so to speak, to march on with changing conditions and dangers. One of the greatest burdens we have to carry is the calumnious slander that we are lovers of war and militaristic in our efforts. That is a grievous wrong. Those of us who know most of war abhor it most. None of us want it again. We hope and pray for the day of a real brotherhood of man under the fatherhood of God. But, worse than war is to capitulate to those sinister forces that seek to destroy the home, religion, and all that we hold worth while to-day. Any country that is unable to defend itself from enemies from without or from within that would destroy it, as well as the birthright passed down by its forefathers who created it, is already dying. We have a glorious heritage, and we are determined to preserve for all who come after that which we have had handed down to us.

The Bible tells us to seek peace and pursue it. Overt acts both—no pusillanimous inertia. After finding peace, we must keep after it, or it will be illusory and fly away.

We are also told to "be strong and of good courage." The first part of these six words asks for adequate preparedness and the second part for the right kind of spirit.

There is a war experience which comes to mind as I address you to-day. It seems to me relevant to present conditions as we face them and glance into the future. It was near "Flanders fields, where poppies grow between the crosses row on row," at the Lafayette Escadrille, before we entered actively into the conflict. An American officer, Major Thaw, was in charge. I was there for a short time when on a tour of inspection on both sides of the firing line for our Government. Morning after morning when issuing the day's orders Thaw would say, "Tom, you go up at such and such a time, and if you do not come back, Bill will go," and then Ed, and so on and on. "If you do not come back" did not have to be explained to any of them.

Thaw was very fond of his men, all American boys, and they of him. I studied the man and could not find any human emotion in him. He took without an apparent quiver the pronouncement of the death, perhaps of one of his most loved comrades. I determined to see if he was not something more than an automaton, and so went to his dugout. It was bare of everything but books or pamphlets of hard facts on air combat.

But under his bed I found his shaving kit, and in it a broken piece of glass that had been saved after the explosion of a shell. On the back of this glass was pasted a verse of a poem. I took it to one of his men, Dudley Hill, and said, "Dudley, what about this?" With a deep mellowness in his voice that spoke volumes, he answered: "Oh, the 'old man' has a mushy streak in him. He often repeats that to us or to himself when we take off."

That message which Thaw gave to his men facing death is a message for each of us to-day in this world of ours, in this country of ours, which seems so upside down. Perhaps man's extremity may be God's opportunity, and this message may be a call from the Captain of all:

Quit you like men; be strong!  
There's a work to do,  
There's a world to make new,  
There's a call for men who are brave and true.  
Oh! On with a song.

#### REPEAL OF EIGHTEENTH AMENDMENT

The VICE PRESIDENT. The Chair lays before the Senate the motion entered by the Senator from New Jersey [Mr. BARBOUR] that the Committee on the Judiciary be discharged from the further consideration of Senate Joint Resolution 114, which will be read by its title.

The CHIEF CLERK. A joint resolution (S. J. Res. 114) proposing an amendment to the Constitution relating to intoxicating liquors.

Mr. BARBOUR. Mr. President, on Tuesday last I entered a motion to discharge the Judiciary Committee from further consideration of Senate Joint Resolution 114, to repeal the eighteenth amendment, which I introduced in the Senate on March 2, 1932. The platforms of the two great parties clearly demonstrate that the Nation is demanding of Congress immediate and definite action with respect to the question of prohibition.

I asked on Tuesday unanimous consent for the immediate consideration of my motion; but, though the ink was hardly dry on the prohibition resolution written by the Democratic Party at Chicago, a member of that party on the other side of the aisle in this body felt constrained to object to my request. The motion has laid over, however, for the required period under the rules, and therefore I wish to renew it at this time.

It is most difficult for me to understand the hesitancy of the Senate to act on this matter. Certainly there can be no doubt as to the will of the people.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. BARBOUR. I yield.

Mr. NORRIS. I should like to say to the Senator that, as chairman of the Committee on the Judiciary, I referred the joint resolution, as I did a good many others of similar import, to a subcommittee. The subcommittee has not as yet reported to the full committee, but, so far as I am concerned, I have no objection to discharging the Judiciary Committee from the further consideration of the joint resolution and to its passage if that will save time.

Mr. BARBOUR. Mr. President, I appreciate the statement and attitude of the Senator from Nebraska.

Mr. NORRIS. I may suggest to the Senator that a debate on the joint resolution might lead to some contention, and if he wants to have it passed we ought to vote on it.

Mr. BARBOUR. Mr. President—

The VICE PRESIDENT. Does the Senator from New Jersey desire to retain the floor?

Mr. BARBOUR. Yes; Mr. President, I desire to retain the floor.

There is no doubt as to the failure of prohibition. There is no doubt that the economic welfare of the Nation would be served by its repeal. As I stated Tuesday, the Senate of the United States at this session of Congress has acted upon every major issue of the day, however controversial, that has come before it. It is a splendid record and one of which I am proud. I can not believe that the Senate will adjourn without taking action on the question of prohibition, for every Member must concede, whatever his own individual ideas may be, that this subject is as much on the minds of the people, if not more so, than any other issue.

One of the difficulties of our national life to-day, as I see it, is the multiplicity of the problems facing us. It is difficult to rivet public attention to any one problem for any great length of time. Newspapers to-day, for example, focus our attention upon the distressing, heart-rending plight of the bonus marchers. To-morrow we may be horrified by the snatching from the cradle of a child of a family who for years have devoted their lives and energies to the glory of the American Nation. The headlines take us from the pressing need for disarmament one day to the hardships entailed the next day by the collapse of a bank. If these problems were to arise one by one at such intervals as to permit of our concerted and undivided attention, I am very sure that we would have the courage and wisdom to solve them promptly and effectively. Unfortunately, however, we are, I fear, torn and besieged on all sides by the perplexing and relentless attack of a host of issues demanding solution. I think everyone will agree with me, however, that it has not been difficult to direct steady and growing attention to the evils of prohibition. Ever since its adoption, step by step, it has been its own creator of increasing dissatisfaction. On its doorsteps have been laid a multitude of ills, including corruption, crime, racketeering, kidnaping, bribery, and economic distress. This is the one outstanding issue to which

the American people have given most thought and upon which they have finally and unquestionably made up their minds. There is, undoubtedly, a constantly growing unanimity of demand for repeal.

It is a certainty, I feel, that even the most bitter opponents of prohibition a decade ago could not have conceived of the proven evils that have followed in its wake. It was claimed by prohibition's sponsors that our jails would be emptied; that a new and loftier moral character would take form; that the money the workingman spent in the saloon would be diverted to the home, for the education of his children, and better things in life for himself and his family.

Instead, we are presented to-day with the alarming spectacle in numerous instances of corrupted local, county, and State governments, wherein the shameless hand of graft has found its way. We find our jails, rather than being emptied, actually overcrowded with a new and more sinister type of occupant to whom human life is so cheap that even members of juries have feared to convict the obviously guilty. We have found courts corrupted, charlatans masked as public servants in back-alley conferences with the underworld. We have found the speakeasy supplant the saloon and go it one better, both in respect to its prevalence and its influence for evil.

Never in the history of the United States—never, I believe I can truthfully say, in the history of the world—has a nation so highly developed as ours been so helpless in the grip of the criminal element or so immersed in official corruption as our own. And a zealous minority, availing itself of every stratagem to prevent the free expression of the voice of a majority of the people, argues that all this is not attributable to prohibition—that somewhere else lies the cause.

Heretofore, waves of crime then, as now, were attributed to a natural reaction from the horrors and carnage of war. But in this instance crime has continued on the increase for too long a time in this country to validate that explanation. The cause is deeper rooted, more widespread even, closer to home, and from a moral standpoint even more devastating than war.

For 12 years the eighteenth amendment and the Volstead Act have been apparently regarded by successive Congresses as things apart from the ordinary run of legislation. They have been regarded as almost sacred, in the sense that any proposals for change have been looked upon with immediate displeasure and resentment.

Congress, apparently, has not dared to bring the issue to a vote. Certainly it has not permitted its own Members thus far to vote on the subject of repeal; and, which in my opinion is even worse, it has consistently opposed heretofore the submission of the question to the people of the Nation, so that they might have an opportunity of expressing themselves on the question.

This Congress seems to be endeavoring to follow that precedent, although it is apparent that a greater courage is being shown by many of our statesmen now than was the case but a very short time ago. The vote on the Beck-Linthicum bill demonstrates this new trend; and it is now becoming more and more apparent that sooner or later some Congress must consent to release the grip which a minority group of our population has on the Federal Government in respect to this subject.

It seems very apparent to me, as it most certainly must seem to every other thinking man and woman in the Nation to-day, that such control by a minority is inconsistent with the premise of government laid down by Abraham Lincoln—government by the people.

A national crisis undoubtedly created prohibition, but the present crisis will certainly end it; and while I have no illusions myself as to the great numbers of men estimated by some who would obtain employment directly as a result of the repeal of the eighteenth amendment, repeal would without doubt result in stimulating employment to a considerable degree, and repeal perhaps more than anything else would help us to restore confidence in a large measure,

and would certainly give to us a welcome and much-needed source of revenue.

Mr. C. T. Revere, a resident of Westfield, N. J., has prepared several very forceful articles and addresses on the economic aspects of prohibition. In a radio address on May 11, Mr. Revere called attention to the fact that during the 12 years in which prohibition has been in force our Government has foregone a total of \$11,000,000,000 of revenue that it could have obtained had it not been for the adoption of the eighteenth amendment. This estimate, which Mr. Revere states has been verified as carefully as is humanly possible, is based on the per capita consumption of the States which permitted the sale of alcoholic beverages at the time prohibition took effect. Consumption is figured at the rate that prevailed from 1910 to 1914. The excise rates employed to calculate the revenue were those in force in 1919, which included a maximum tax of \$6 per barrel on beer and \$8.50 per gallon on spirits.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. BARBOUR. For what purpose?

Mr. BROOKHART. I wish to ask the Senator about this tax which he says the Government has failed to collect.

Mr. BARBOUR. I yield.

Mr. BROOKHART. What is the largest amount per year that the Government ever collected from the liquor traffic before prohibition?

Mr. BARBOUR. I am sorry that I can not answer the Senator's question offhand.

Mr. BROOKHART. If the Senator had looked that up he would not make that statement about \$11,000,000,000.

Mr. BARBOUR. I am not surprised that the Senator takes that position.

Moreover, in my opinion, the case against the economic error of prohibition which Mr. Revere points out is not fully stated when we merely say that our National Government would not be facing a financial crisis if it were not for the eighteenth amendment, for conditions will improve when and only when we remove the obstacle of prohibition from our national life, regardless of anything else we may do to try to cure the depression in the meantime.

We could take this fast-accruing revenue and dedicate it to the cause of rehabilitation. We could employ half of it for balancing a national Budget that has been scaled down by economies already effected. We might, if Congress deemed wise, allocate the other billion and a quarter to the States to ease the tax burden on agriculture, and thus pave the way for lifting more than \$9,000,000,000 of mortgages on farm properties. We could reduce our taxes on industry and real property, and by so doing we would restore bond values to a more normal investment basis, and facilitate the return to solvency of many of our closed banks. The timid would begin to buy. Millions would be put to work to supply withheld requirements. Increased pay rolls would provide new buying power. The demand for raw materials of every kind would lift the burden of poverty from millions of persons throughout the land.

In the face of these facts, I, for one, am convinced that prohibition is not worth the \$11,000,000,000 it is estimated to have cost in the last 12 years. It is certainly not worth the price of continuing the depression.

The resolution which I introduced months ago, before any planks were thought of in either convention, permits States which wish to remain dry to do so, but at the same time permits States desiring a change to enact such laws of their own as would reflect the wishes of their electorate. No State should be forced by any other State to submit to legislation of this particular character objectionable to the electorate of that State; and, by the same token, no State can have any valid objection to the ratification of this amendment unless that State actually wishes to reserve the right to force its own views upon those who do not agree with it. Had my amendment originally been enacted instead of the eighteenth amendment as passed, no such controversy as now confronts the Nation would exist.

Certainly with the very pillars of our Government resting upon the premises of majority rule and free expression, the



time has arrived when the demands of the majority must be hearkened to, and the sovereign rights of the States become more than a mere phrase.

To conclude, it has been said that prohibition does not prohibit. But it does prohibit. It prohibits temperance, respect for the law, and a reduction in taxation.

I move, therefore, to discharge the Judiciary Committee from further consideration of Senate Joint Resolution 114, and upon that motion I request the yeas and nays.

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from New Jersey yield to the Senator from Pennsylvania?

Mr. BARBOUR. I am very glad to yield.

Mr. REED. I have looked at the Senator's resolution, and, as I interpret it, it would require the assent of the legislatures of three-quarters of the States. Would the Senator, after his resolution comes to the floor, expect to resist an amendment that would provide for submission to conventions called in the separate States?

Mr. BARBOUR. Not necessarily.

Mr. REED. What is the Senator's view about that? Does not the Senator think that the convention system would be the better way of getting the direct thought of the people of the separate States?

Mr. BARBOUR. I agree with the Senator absolutely on that. I prefer that any submission, if made, be made to conventions and not to legislatures.

Mr. REED. Then I have another question about the matter. Some of us feel that while the present condition is intolerable, it would be equally intolerable to repeal all of these regulatory laws and go back to saloon days. What would be the Senator's position with regard to an amendment to his proposed constitutional amendment intended to prohibit any State from authorizing the consumption of liquor at the place where it was sold?

Mr. BARBOUR. I will answer the Senator by saying that personally I am absolutely against anything that would cause the return of the saloon.

Mr. REED. Is not that the only way to prevent return of the saloon?

Mr. BARBOUR. That is one way, certainly. As far as I am concerned, I should have no wish to see the return of the saloon.

Mr. REED. Would the Senator object to an amendment which would tend to safeguard the rights of those States that preferred to remain dry?

Mr. BARBOUR. No. That is covered, I believe, by my resolution; but, if this point can be better worded, I should have no objection to that.

Mr. REED. Then, Mr. President, I shall be very glad to vote for the Senator's motion.

Mr. GLASS. Mr. President, that being so, why should the Senator insist upon discharging the Judiciary Committee from further consideration of his resolution? His resolution—to which I am not objecting, I should have it understood—is far from conforming to the platform of his party adopted at Chicago; and as so much stress is just now being laid upon party declarations, I am a little astonished that the Senator from the wettest State in the United States should so far depart from his party platform as not to provide in his resolution against any of the alleged evils that his party platform decries.

I shall not object to discharging the Judiciary Committee; but it seems to me a most inconsistent proposition to discharge the Judiciary Committee from the consideration of a resolution which the Senator himself says he is willing to have amended in various vital particulars.

Mr. BARBOUR. I should like to remind the Senator, if I may, that, as I said, this resolution was introduced in March, before there were any platforms of either party, or any prohibition planks in either platform. Even if that were not so, however, I personally do not favor the Republican platform as finally adopted in Chicago.

Mr. GLASS. Oh, the Senator would be guilty of the impious act of disregarding a party platform?

Mr. REED. Mr. President, will the Senator permit a question?

Mr. BARBOUR. I am very glad to yield.

Mr. REED. Since the Senator from New Jersey is being reproached for his failure to conform to the platform of the Republican Party, perhaps he would be willing to let me ask the Senator from Virginia whether he approves the Democratic plank on prohibition.

Mr. GLASS. No.

Mr. REED. I thank the Senator.

Mr. GLASS. But I do favor submitting to the people the question of repeal or retention of the eighteenth amendment. I did that and prepared a resolution to that effect for my own State convention before either the Republican convention or the Democratic convention assembled. I think the people have a right now, on this bitterly controverted question, after a trial of nearly 14 years, to determine whether they want to continue this situation or correct it; but I favor that, not because any party platform declared for it, but because it conforms to my own judgment in the matter.

Mr. BINGHAM. Mr. President, I favor the motion of the Senator from New Jersey [Mr. BARBOUR]. A considerable number—

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. BINGHAM. I yield to the Senator.

Mr. NORRIS. I should like to state to the Senator that, so far as I know, there is no opposition to the passage of the resolution. If he wants it passed, what is the use of talking about it?

Mr. BINGHAM. Very well, Mr. President.

The chairman of the Judiciary Committee last December, in response to a question of mine, said that subcommittees would be promptly appointed to consider amendments to the Constitution repealing the eighteenth amendment, altering the eighteenth amendment, and modifying the Volstead Act. Carrying out his promise, a few days later he appointed and announced the membership of a subcommittee consisting of five Senators. My recollection is that he said at the time that there would be three drys and two wets on this subcommittee. For the two "wets" he selected the Senator from Wisconsin [Mr. BLAINE] and the Senator from Rhode Island [Mr. HEBERT]. For the three "drys" he selected the Senator from Idaho [Mr. BORAH], the Senator from Arizona [Mr. ASHURST], and the Senator from Washington [Mr. DILL].

Mr. BORAH. No; the Senator from Montana [Mr. WALSH], I believe.

Mr. BINGHAM. The Senator from Montana [Mr. WALSH] may have been selected at that time.

A few days later, however, the Senator from Arizona objected to being on this committee, and gave out a statement, from which I shall quote. The statement appeared in the Evening Star on Tuesday, December 29. The reason why I quote this is that the Senator, as a member of the Judiciary Committee, made some remarks yesterday about this very matter. The heading is, "ASHURST quits dry quiz; wasted efforts, he says. Assails attempt to change prohibition laws as ridiculous.

"BLACK gets post."

Then he got off a very neat epigram:

People looking for jobs, not jags, declares Arizona Senator.

Describing attempts to change the prohibition laws as "a ridiculous waste of effort," Senator ASHURST, Democrat, Arizona, to-day withdrew from a Senate Judiciary Subcommittee named to hold hearings on the subject.

In a statement Senator ASHURST said:

"I voted for the eighteenth amendment, for the Volstead law, for the antibeer bill, and for all the appropriations necessary to enforce the same.

"I do not believe I made any mistake in so voting.

"I have no time to waste in aiding those who are attempting to weaken or relax that amendment."

I am glad to see that the Senator has now changed his mind, in accordance with his statement yesterday.

He said:

"I have no time to waste in aiding those who are attempting to relax or weaken that amendment or those laws. It is a ridiculous waste of effort to attempt to relax or modify the prohibition laws. The people are looking for jobs, not jags."

Another friend of prohibition, Senator BLACK, Democrat, Alabama, was appointed to fill Senator ASHURST's place by Chairman NORRIS, of the Judiciary Committee.

I understand that Senator BLACK later withdrew. It seems that the dries were not at that time interested in meeting this situation.

Chairman NORRIS pointed out that the change in personnel did not disturb the wet and dry line-up of the subcommittee. "I named a wet chairman, and put a majority of dries on the committee," he said.

NORRIS said taking evidence was to "some extent foolish, but neither side will be satisfied without it."

Mr. President, obviously the chairman of the committee, who is so anxious now to let this bill come back before the Senate from his committee, was not particularly anxious to have any one of the various bills sent to his committee reported back. Some of them have been there since December 9, particularly Senate Joint Resolution 31, and others. Now he appears to be willing to have the committee discharged. But the Judiciary Committee has been considering the repeal of the eighteenth amendment, and amendments to the Volstead Act ever since December.

Mr. ASHURST. Mr. President, since the Senator was so kind as to refer to me, will he allow me a word?

Mr. BINGHAM. Certainly.

Mr. ASHURST. In the classic days of ancient Greece the seashores were lined with an edible turtle or tortoise, which had a remarkably thick shell. The eagles used to pounce upon these tortoises or turtles, carry them into the air, and, despoiling a stone below, drop the tortoise or the turtle upon the stone and crack the shell, thus releasing for the eagle's sustenance the rich flesh of the turtle.

One of the great Greek tragic poets, Æschylus, came to his death in a strange fashion. An eagle seized a large and a heavy-shelled tortoise, flew into the air with it, and dropped it upon the head of Æschylus, thinking his head was a stone.

The American eagle does not have to drop a heavy weight upon my head, Mr. President, for me to observe the plain intent and purpose of the American people.

Mr. BINGHAM. Mr. President, I am delighted that the Senator from Arizona has changed the view he entertained when he said that it is a ridiculous waste of effort to attempt to relax or modify the prohibition laws. I am delighted that he is going to help in these efforts which some of us on both sides of the aisle have been endeavoring to make for some time, without annoying the Senate too greatly, but still insisting on, because we knew we were right.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. BINGHAM. I yield.

Mr. GLASS. May I inquire whether the Senator from Arizona has reached that ridiculous posture as that he favors dropping a beer barrel on the hearth of every home in the country?

Mr. ASHURST. Does the Senator address that question to me?

Mr. GLASS. Yes. I am talking about the proposition of the Senator from Connecticut to insist upon a beer amendment to a home bank bill.

Mr. ASHURST. Will the Senator from Connecticut permit me to answer that?

Mr. BINGHAM. I shall be glad to yield.

Mr. ASHURST. I thank the Senator. No amount of clamor, no amount of shouting or screeching, no amount of talk, in the Senate or out, will induce me to violate the Constitution.

Let this issue be drawn once and finally. If the Senator from Connecticut can prove, not by his words, for he is not a chemist, but if the Senator can prove to the Senate that 4 per cent beer, by weight or by volume, is not intoxicating and will produce a revenue, I am ready to vote for it now, next week, or next year; but the Senator must first

produce proof that what he seeks to have manufactured is not intoxicating.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. ASHURST. I have not the floor.

Mr. BINGHAM. I yield.

Mr. GLENN. May I inquire of the Senator from Arizona whether he knows what the evidence was that was produced before the Democratic National Convention along the beer line that led them to adopt their prohibition plank?

Mr. ASHURST. Mr. President, will the Senator from Connecticut permit me to answer?

Mr. BINGHAM. I yield further.

Mr. ASHURST. Many honors, Mr. President, have come to me in my time, and I am only an humble gleaner in the field of the Democratic Party. I do not pretend to be a leader. Great as the honors I have had, I was not honored by being chosen as a delegate to the Democratic National Convention. I have said before that it was a disappointment to me, and now that I have read of that historic convention, and heard it on the radio, I see how much I missed. Therefore I do not know what testimony was taken before the committee. I will have to call upon Senators who are members of the committee and heard the testimony.

Mr. BINGHAM. I assume that the Senator in his attitude toward the percentage of alcohol which might be had in beer calls himself a "gleaner" because the definition in the dictionary of "gleaner" is "one who collects in small quantities."

Mr. ASHURST. Mr. President, I knew it was an act of temerity for me to debate with the Senator from Connecticut. Again he is imposing on my inferiority complex, "still harping on my daughter." Every time I have a debate with him I am worried for fear I may split an infinitive or give vent to a pleonasm. [Laughter.]

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. BINGHAM. I yield.

Mr. GLASS. Mr. President, will the Senator from Oklahoma permit me as a member of the platform committee of the Democratic National Convention to answer the question of the Senator from Illinois propounded to the Senator from Arizona?

Mr. GORE. Certainly.

Mr. BINGHAM. I yield.

Mr. GLASS. There was not one particle of testimony taken before that committee as to what constituted the alcoholic content of an intoxicating beverage, and the Senator from Illinois will search in vain for one suggestion in the Democratic platform in advocacy of the proposition of the Senator from Connecticut.

Mr. GLENN. Mr. President, I suppose that reckless disregard of facts or evidence on that subject was one of the things which led the distinguished Senator from Virginia to refer yesterday to the recent Democratic National Convention as "a frenzied political assembly."

Mr. GLASS. Yes; and the Republican convention in the same terms, and a little worse.

Mr. GORE. Mr. President, it is perhaps too late now, but I rose to inquire whether there was any implication in any of these remarks about Æschylus that anybody else was a blockhead.

Mr. BORAH. Mr. President, will the Senator from Connecticut yield to me?

Mr. BINGHAM. I yield.

Mr. BORAH. There is another resolution on the table, and I wonder whether, before this debate proceeds, we could have unanimous consent for the passage of that resolution.

Mr. BINGHAM. I was about to refer to something the Senator from Idaho said yesterday, and I thought perhaps he was rising to correct his remarks. That was one reason why I yielded to him.

Yesterday the Senator from Arizona, after discussing the matter which was before the Senate, declined to yield at one time when two Senators on this side of the aisle addressed him, and replied as follows:

I will not yield for a moment, because I am going to make a sort of legal argument.



Whereupon he proceeded to refer to the fact that he had been convinced for some 12 years "that the greatest contribution anyone could make to our American system of government would be to assist in having adopted a constitutional amendment which would provide, after its adoption, that all amendments to the Constitution shall be ratified by a direct vote of the people in the several States, voting separately."

In reply to a remark which I made asking him whether he had made any effort to secure a report on a joint resolution of my own, which is now before the Judiciary Committee, he said he had not, because he was more interested in his own constitutional amendment, and then went on to say:

I introduced a similar joint resolution more than 10 years ago and it was defeated in the Senate.

I think the Senator's memory in that regard is not quite accurate, although, as I was not here, I have to rely on the CONGRESSIONAL RECORD. A search of the RECORD reveals that in 1924, some eight years ago, the Senator did introduce an amendment in terms similar to those of the one introduced at the same time by Senator Wadsworth, a distinguished Senator from New York, no longer a Member of this body. It was Senator Wadsworth's resolution that was reported out to the Senate by my distinguished predecessor, Senator Brandegee. I happened to be present on the day the debate took place, and took great interest in it, because I have for some time, like the Senator from Arizona, been interested in that very proposition. In fact, the Senator from New York, Mr. Wadsworth, had made a speech in Connecticut the preceding summer in which he advocated the very amendment in which the Senator from Arizona is interested.

According to the RECORD, it was the resolution of the Senator from New York which came before the Senate, and not the resolution of the Senator from Arizona. It was not defeated, except indirectly, by being referred back to the committee, after a debate which I found very interesting, and I have no doubt others did also.

The Senator from Arizona went on to say how badly he felt at the time of that defeat, and his determination to continue his efforts in support of a proposed constitutional amendment.

Mr. ASHURST. Mr. President, will the Senator please give the date of my remarks expressing my regret?

Mr. BINGHAM. I was quoting from a statement of the Senator from Arizona made on yesterday.

Mr. ASHURST. Will the Senator yield further?

Mr. BINGHAM. I yield.

Mr. ASHURST. Of course, I may be in error; still I doubt it, because I yield to no man on the question of memory. My resolution was No. 17, and I recall distinctly arguing in behalf of the resolution which I proposed that constitutional amendments should be ratified by vote of the people in the several States. I recall that the Judiciary Committee considered it. It might be, however, that in the course of events even this memory of mine might have slipped a cog, and it might be the regrets I expressed over its defeat at that time were because of the defeat of the Wadsworth amendment; but, as I recall, I was not enamored of the Wadsworth amendment, because it provided not for a vote, if I remember correctly, directly by the people in each State but had some qualification to it that it could not be ratified by the legislature unless and until one-half of the membership of the legislature had been elected after its submission. I realize how uncertain and how almost futile it is to debate a matter that happened 10 years ago that I have not looked up since, so if the Senator from Connecticut has looked it up I yield to the RECORD.

Mr. BINGHAM. It was not my intention to point out that the Senator was mistaken in regard to his own resolution but rather to point out a slight error in his observation that I was a "new convert" in the field. The Senator said:

While, of course, I welcome such new converts as the Senator from Connecticut, I was a gleaner in the field.

I have already given the Senator the interpretation of the word "gleaner" as one who collects in small quantities.

Mr. ASHURST. I hope the Senator will not embarrass me by referring to the fact that I should have said something else instead of "gleaner."

Mr. BINGHAM. The Senator went on to say:

I was breaking the stubborn glebe and planting the crop and harvesting it with my perspiration long before my scholarly friend began to agitate the ratification of proposed constitutional amendments by the people.

I merely want to state for the benefit of the Senator, who has always been extremely courteous and kind to me as he is to everyone else, that in April, 1924, at about the very time when the amendment in which he was interested—which my recollection was had been introduced by former Senator Wadsworth, but might have been the one introduced by the Senator from Arizona—was being considered, I had delivered an address before the Republican State convention in Hartford in which I said:

We are in favor of an amendment to the Constitution, providing in effect that future constitutional amendments proposed to the several States should be submitted to the electors of the States for ratification instead of to the legislatures. Such an amendment was introduced into the Congress several years ago by the senior Senator from Connecticut, Senator Brandegee. It was debated on several occasions, but its importance was not recognized by Congress and, although reported favorably by unanimous vote of the Senate Committee on the Judiciary, it failed to come to vote in the Senate.

Just after the Senator from Arizona had made his remark about the fact that he was "breaking the stubborn glebe and planting the crop and harvesting it" before I began to take any interest in it—although it was at the very same time—the Senator from Idaho [Mr. BORAH] interrupted to say:

If the Senator will examine the proposed constitutional amendment offered by the Senator from Connecticut he will observe that the Senator from Connecticut has not yet caught up with the proposition that the Senator from Arizona has offered.

Mr. NORRIS. Mr. President—

Mr. BINGHAM. In just a minute. The Senator's zeal outran his knowledge of my amendment at that point, as it has done once or twice at other times. If he will compare the resolution with Senate Joint Resolution 32, which I offered on December 9, I think he will correct his statement in the RECORD. Let me read the resolution as offered by the Senator from Arizona sentence by sentence in comparison with that offered by myself. I read first from the resolution offered by the Senator from Arizona:

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments—

I will now read from my own resolution—

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments—

Mr. ASHURST. I do not understand the Senator. He is reading from the Constitution now?

Mr. BINGHAM. I read first from the resolution offered by the Senator from Arizona and then from the resolution offered by myself.

Mr. ASHURST. Will the Senator begin with line 1 of my resolution and read it? I want to follow him.

Mr. BINGHAM. I am reading from the CONGRESSIONAL RECORD at page 14745.

Mr. ASHURST. But will the Senator read from the resolution?

Mr. NORRIS. Will the Senator yield for a question?

Mr. BINGHAM. In just a moment. I wanted to read from the first three lines in order that everyone might see that they are identical. I will now read the second three lines, and this, of course, is the important and significant part:

Which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the vote of the qualified electors in three-fourths of the several States.

That is the Senator's resolution. Now I will read from my own.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. BINGHAM. I shall not yield until I finish this comment.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. The Senator from Connecticut will suspend. For what purpose does the Senator from Nebraska interrupt?

Mr. NORRIS. I want to ask the Senator from Connecticut a question.

Mr. BINGHAM. I decline to yield until I can get this comparison plainly before the Senate.

The PRESIDING OFFICER. The Senator from Connecticut declines to yield.

Mr. LEWIS. Mr. President—

Mr. BINGHAM. No, Mr. President; I can not yield for the present moment.

The PRESIDING OFFICER. The Senator from Connecticut declines to yield.

Mr. BINGHAM. The Senator from Idaho observed that I had not yet caught up with the proposition which the Senator from Arizona had offered, and I am now, due to interruption, obliged to read again the sentence from the resolution of the Senator from Arizona, which is the key to the situation.

Mr. BORAH. Mr. President, will the Senator permit me to make a statement?

Mr. BINGHAM. As soon as I have completed this comparison. I read again:

Which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the vote of the qualified electors in three-fourths of the several States.

Now I read from my own resolution.

Mr. NORRIS. The Senator has read that once.

Mr. BINGHAM. I propose to read it again:

Which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the vote of the qualified electors in three-fourths of the several States.

In other words, it is word for word as that of the Senator from Arizona. There is this difference, that in the next three lines of my resolution I provide a little more leeway for the people to make the change, and I add these words:

That until three-fourths of the States shall have ratified or more than one-fourth of the States shall have rejected or defeated the proposed amendment, any State in like manner may change its vote.

Mr. ASHURST. Mr. President, will the Senator yield at that point? I think the Senator should yield.

Mr. BINGHAM. Let me finish my statement first, please.

Mr. GLASS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Virginia will state the parliamentary inquiry.

Mr. GLASS. What is before the Senate besides the Senator from Connecticut?

Mr. BINGHAM. There are three or four other Senators before the Senate.

The PRESIDING OFFICER. The Senator from Connecticut has the floor.

Mr. GLASS. What is before the Senate that he is discussing?

The PRESIDING OFFICER. The motion to discharge the Committee on the Judiciary. The Senator from Connecticut has the floor.

Mr. NORRIS. Mr. President, may I ask the Senator a question now?

Mr. BINGHAM. I must first yield to the Senator from Arizona.

Mr. ASHURST. The Senator has indeed pointed out the difference between my proposed amendment and his own. The Senator's may be better than mine, but the Senator out of mental honesty, and I know he possesses that, ought to admit there is a difference between the two.

Mr. BINGHAM. I am not claiming there is no difference.

Mr. ASHURST. I contemplated in December using the precise language the Senator used, to wit, that unless and until a majority—that is, the required constitutional majority of three-fourths—had ratified, any State could change its vote.

Mr. BINGHAM. Then the Senator and I are after exactly the same thing.

Mr. ASHURST. I had that provision in the one I prepared in December last year, which I did not introduce. After reflection for some months I came to the conclusion that that language was not necessary, because a ratifying State now has the right at any time to withdraw its ratification, provided such withdrawal is before three-fourths of the States shall have ratified, so I left that out of mine.

Mr. BINGHAM. May I say to the Senator that when, if ever, we get this resolution out of the Judiciary Committee and the Senator offers as an amendment to strike out those words I shall have no objection, because I have the highest regard for his erudition in the matter.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. BINGHAM. In a moment. All I was trying to do was to show that the remark of the Senator from Idaho was not well founded and that his zeal outran the facts in the case.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Idaho?

Mr. BINGHAM. I yield.

Mr. BORAH. The Senator has read both resolutions, and I still maintain that the Senator had not caught up with the Senator from Arizona.

Mr. BINGHAM. In what regard?

Mr. BORAH. In regard to the last clause of the amendment.

Mr. BINGHAM. The last clause of the amendment is precisely the same in both cases.

Mr. BORAH. I mean the one with reference to withdrawal.

Mr. BINGHAM. The last clause is, "Provided, That no State, without its consent, shall be deprived of its equal suffrage in the Senate."

Mr. BORAH. I do not have it before me, but I refer to the clause the Senator read just a moment ago, which the Senator from Arizona said he did not believe ought to be incorporated in his resolution.

Mr. BINGHAM. That is the portion to which the Senator referred?

Mr. BORAH. Yes.

Mr. BINGHAM. O Mr. President!

Mr. NORRIS. Mr. President, will the Senator yield now?

Mr. BINGHAM. In just a moment. According to the statement made by the Senator from Arizona, he had considered it and decided it was not necessary. In that regard it is true I was way, way behind him, and I therefore offer my apologies to the Senator from Idaho.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Oklahoma?

Mr. BINGHAM. I had not supposed it was that to which the Senator from Idaho referred. I now yield to the Senator from Nebraska.

Mr. NORRIS. Is the Senator in favor of the pending resolution?

Mr. BINGHAM. The Senator is endeavoring to call attention—

Mr. NORRIS. Will the Senator answer my question?

Mr. BINGHAM. I will, if the Senator will give me time, and I believe I have the floor.

Mr. NORRIS. Yes; unfortunately, the Senator has.

Mr. BINGHAM. And unfortunately the chairman of the Judiciary Committee has had various resolutions before him for four or five months which he has made no effort to report back to the Senate.

Mr. NORRIS. Oh, yes; and now the Senator is talking about a motion to discharge the committee from the con-



sideration of the resolution. If the Senator wants that, all he has to do is to sit down and the resolution will pass. But he does not want to pass the resolution. He is arguing for something that he, himself, is anxious to block by talking until 2 o'clock. That is the secret of it all.

Mr. BINGHAM. The Senator is entirely incorrect if he thinks I do not want it to pass.

Mr. NORRIS. Then let us vote on it and pass it.

Mr. BINGHAM. I propose to discuss it for some time, and the Senator is not going to defeat that purpose by constantly interrupting me.

Mr. NORRIS. I realize that.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Oklahoma?

Mr. BINGHAM. I yield.

Mr. GORE. I want to suggest to the Senator from Connecticut that the Senator from Arizona reached his conclusion—

Mr. ASHURST. Mr. President—

Mr. GORE. Just a moment, please.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Michigan will state the parliamentary inquiry.

Mr. COUZENS. How long can a Senator hold the floor and allow interruptions of this kind to continue indefinitely?

The PRESIDING OFFICER. As long as no one objects.

Mr. COUZENS. I object to the interruptions of the Senator from Connecticut and to his yielding the floor indefinitely.

The PRESIDING OFFICER. The Senator from Connecticut may not yield except for a question.

Mr. BINGHAM. I yield to the Senator from Oklahoma for a question.

Mr. GORE. And I will put it in the form of a question. It is as to whether or not our experience in the ratification of the fifteenth amendment does not demonstrate that the contrary rule has either been adopted or acquiesced in? I may be in error, but I submit that is my memory.

Mr. ASHURST. Mr. President, will the Senator from Connecticut permit me to answer that?

Mr. GORE. If the Senator will permit me to conclude my question, he then may answer. I may be in error, but as I recall, both Ohio and New Jersey—

Mr. NORRIS. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. NORRIS. The Senator from Connecticut has lost the floor by yielding to the Senator from Oklahoma to make a speech.

Mr. GORE. I am asking a question.

The PRESIDING OFFICER. The Chair understands that the Senator from Oklahoma is asking a question.

Mr. NORRIS. No one else understands it that way.

Mr. GORE. I will ask whether or not I am in error in my recollection that Ohio and New Jersey ratified the fifteenth amendment, and afterwards withdrew and revoked their ratification, and yet the amendment was promulgated as having been validly ratified, when, subtracting those two States, the required three-fourths' majority would not have been on record as favoring the amendment?

Mr. ASHURST. Mr. President, will the Senator from Connecticut yield to me for the purpose of answering that question?

Mr. GORE. I should like to have it answered. I may be in error in my memory about it.

Mr. BINGHAM. Mr. President, if I should yield, I would lose the floor.

The PRESIDING OFFICER. The Senator from Connecticut will lose the floor if he yields for a speech.

Mr. BINGHAM. I regret that, under the ruling of the Chair and under the objection of the Senator from Michigan, I can not yield to my friend from Arizona.

Mr. President, this interruption has taken us somewhat far afield from the matter before us. The Senator from

New Jersey has made a motion to discharge the Committee on the Judiciary from the further consideration of a joint resolution which has been before the committee for some months. The Senator from Nebraska, due to his desire to facilitate business, has stated that he has no objection to that; but the Senator from Nebraska and the other members of the Judiciary Committee have postponed for a very considerable period any report on Senate bill 308, Senate bill 309, Senate bill 314, Senate bill 422, Senate bill 2415, Senate bill 2462, Senate bill 2478, Senate bill 3148, Senate Joint Resolution 31, Senate Joint Resolution 84, Senate Joint Resolution 90, and Senate Joint Resolution 128, all bills and joint resolutions relative to the prohibition act and the eighteenth amendment.

Mr. LEWIS. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. BINGHAM. I yield for a question.

Mr. LEWIS. Mr. President, I desire to propound to the eminent Senator from Connecticut a question as to the relationship of the pending bank bill to the subject matter he is bringing to the attention of the Senate. I desire to ask the Senator from Connecticut if he feels that his efforts, being made in connection with the pending bank bill, are to seize hold of the frozen assets of the bottles and beer barrels and to make them liquid, and if he thinks his services in this connection would work that result under a home-loan bank bill?

Mr. BINGHAM. Mr. President, in reply to my charming and delightful friend from Illinois, to whom I always listen with the greatest pleasure, and whose remarkable vocabulary and most felicitous choice of language are always appreciated by his colleagues, who always listen to him as gratefully as they would welcome a cooling breeze in a desert on a hot day [laughter]—

Mr. LEWIS. I can not consent, Mr. President, to assume that my friend, in view of his attitude, is a sheik upon a desert which is so dry. [Laughter.]

Mr. BINGHAM. I regret that I am in danger of losing the floor if I yield to any felicitous observations from my friend from Illinois. I will say to him that I am not at the present moment discussing the question to which he refers. I am discussing the question of the repeal of the eighteenth amendment and the motion before us to discharge the Committee on the Judiciary from one of the various resolutions calling for repeal.

I regret that my good friend from Illinois, now that he has reminded me of it, took occasion yesterday to refer in somewhat slighting terms, if I may use that word not too harshly, or in terms, perhaps I may better say, of charming irony and ridicule, to any attempt at this time to bring forward a modification of the Volstead Act. The Senator from Illinois referred to his own opposition to the eighteenth amendment when he was previously a Member of this body and his unavailing opposition to the Volstead Act at that time. The Senator from Illinois, however, made reference to those of us who are trying to secure immediate modification of the Volstead Act and who had been working toward that end for some time previous to any declaration by either political party, and he yesterday took the position that to bring the question up at this time in connection with a bill to provide loans for persons desiring to retain or to build homes was, in a way, rather a contemptible proceeding. He suggested that we ought not to hang a keg of beer on the doorknob of the workingman who was endeavoring to build a home. He implied that he would be very glad to indulge in a friendly glass of beer at some time during the summer, but that this did not seem to him an appropriate time to do so. My friend's tone and his general remarks were of a nature to make me believe, although I may be doing him an injustice, that he did not take this question quite as seriously as some of us do. He chose to raise the risibles of the audience by referring to the froth and the charm of beer, and so forth, just as though the only object we had in view in seeking to modify the Volstead Act was

to obtain the pleasure of drinking a glass of beer for the sociability that might ensue therefrom.

At an appropriate time, but, out of respect for my friend from Nebraska, I shall not do so at the present moment, I intend to point out to the Senator from Illinois and to any others who may do me the honor to listen that our reason for favoring immediate modification of the Volstead Act—and I assume the reason for the Democratic Party placing in their platform the plank calling for immediate modification of the Volstead Act and to permit the manufacture of beer—was not the pleasing vision which the Senator from Illinois held up before us, but, rather, that we believe in its economic importance. We believe that if to-day the Volstead Act were modified, to-morrow thousands of men could find jobs who can not find them now, and within a few weeks tens and hundreds of thousands of men could find jobs. We believe that within a year 100,000 farmers would be raising grain in order to provide the 100,000,000 bushels of grain needed by the breweries. We believe that it would be the turning point in the economic depression. We believe further that it would raise hundreds of millions of dollars of revenue for the Government and help us to balance the Budget. It is for those reasons, Mr. President, that we are urging its immediate modification.

May I say to the Senator, with all due respect, if the return of beer will do those things, which we believe it will do and which I believe he also agrees with us it will do, that it will give the workingman a chance to buy a home; it will give the workingman a chance to buy a home on the installment plan; whereas the bill which was before us when the Senator from Illinois made his remarks merely gives him a chance to borrow money but gives him nothing with which to pay the interest on the loan or the principal thereof. Therefore it seems to me, Mr. President, that we are on sound ground in endeavoring to annex this measure as a rider to a bill intended to provide and save homes.

I can not agree with the Senator that the only object is to increase the enjoyment of certain people in the summer time or that the only object is to bring the beer barrel to the hearths of the homes of the land, as it was so charmingly suggested by the Senator from Virginia [Mr. GLASS] in an effort to prove that he does not know where beer is kept. If anyone ever saw a beer barrel on the hearth of a home it must have been in Virginia; it certainly was not in Connecticut. [Laughter in the galleries.]

The PRESIDING OFFICER. The galleries must observe the rules of the Senate and refrain from any demonstrations.

Mr. BINGHAM. Mr. President, any effort to minimize the important economic effect of this measure or to belittle the contention that it will really enable the people to build homes, that it will really enable them to earn money with which to keep their homes, seems to me to be unworthy of my very distinguished and delightful friend from Illinois.

Mr. President, yesterday morning in the Washington News there was printed an editorial, which I understand appeared in all the Scripps-Howard newspapers, addressed to Franklin D. Roosevelt, from which I read as follows:

The Democratic platform, which you accepted "100 per cent," says:

"Pending repeal, we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution, and to provide therefrom a proper and needed revenue."

Immediate modification has been proposed in Congress. Certain Democratic leaders in that body seem determined to wait until after election.

Do you as the party's nominee and leader, in light of the wording of the document and of your complete approval thereof, approve of waiting, or do you interpret immediate as meaning now?

Yesterday afternoon the United Press carried this bulletin from Albany—

Mr. LEWIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. BINGHAM. I can yield only for a question, and I should like to read the answer made in the afternoon

before I yield to the Senator even for a question. In the afternoon the United Press carried this bulletin from Albany:

ALBANY, N. Y., July 7.—Franklin D. Roosevelt let it be known to-day that action upon the prohibition question was squarely up to Congress.

Sources close to the governor reiterated that he stands firmly behind a plank in the Democratic Party's platform calling for repeal of the eighteenth amendment.

He was quoted as saying, in answering editorial comment—

And I assume that the editorial which I have read is the particular one referred to—

"It is up to the Congressmen to act as they see fit."

A spokesman for the governor pointed out that the Democratic nominee already has pledged his support to the entire platform and that "he can not run Congress."

Roosevelt refused to become embroiled in any controversy over interpretation of the party's wet plank—whether he favored immediate action by Congress or was content to wait.

Attaches of Roosevelt's executive office said he was "attending strictly to State business and that he could not run two jobs at once."

Roosevelt indicated he would not lead any fight on the highly controversial prohibition question at this session of Congress. It was recalled, however, that the governor commented thusly when John D. Rockefeller, jr., wrote his letter to Dr. Nicholas Murray Butler, of Columbia University, urging repeal of the eighteenth amendment:

"Mr. Rockefeller's letter undoubtedly will help get action on the prohibition question at this session of Congress without having to await the convening of another session."

Now I yield to the Senator from Illinois for a question.

Mr. LEWIS. I desire seriously to invite the thought of the eminent Senator from Connecticut to this idea and query—

Mr. BINGHAM. I yield for a question.

Mr. LEWIS. Assuming that the amendment presented by the Senator may be attached by a vote of the Senate to the pending home loan bank bill, does the Senator believe that the President of the United States would allow the measure to pass without veto? Does the Senator not recognize that it would be vetoed by the President, and thus, in view of the limited time remaining for the session, cause us to lose both the bank bill and the advantage, as it is called in the application of the word, to the poor and to others of the beer amendment?

Mr. BINGHAM. I reply to the Senator as I replied to a similar question yesterday, that I do not know what the President would do with it; that he has not communicated with me nor I with him in this regard. I have seen a dispatch from one of the news services that he would veto it. I inquired of another news service, but found they had been unable to confirm that information. But, Mr. President—

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Texas?

Mr. BINGHAM. In just a moment I will yield to my friend.

Mr. President, it seems to me that our duties as legislators are distinct from the duty of the Executive in his capacity to veto any measure, and, personally, and with all due respect to the President of the United States for whom I have a very high regard in his exalted position, I would deem it something out of the ordinary and decidedly not in conformity with our Constitution for him, in view of my interest in certain legislation, to call me up or to write to me or to send to me and tell me that if I persisted in the advocacy of a certain measure and it were passed, he would veto it. I now yield to the Senator from Texas.

Mr. CONNALLY. Since the Senator is so much concerned about the attitude of Governor Roosevelt, who is not yet President, why does he not make some investigation and inquiry and ascertain the attitude of his candidate, who is now President?

Mr. BINGHAM. My only interest in Governor Roosevelt's opinion was that he has just been chosen by his party as the leader of his party; and as the leader of his party it was to be expected, and apparently was so claimed by the editors of the Scripps-Howard service, that he ought to in-



dicate to the members of his party his desire that they act promptly in this regard. That was the only reason why I referred to it, because I am sure the Senator from Texas will not deny the fact that the Governor of New York is at present the titular leader of the Democratic Party.

Mr. CONNALLY. Mr. President, of course, the Senator from Texas does not deny that Governor Roosevelt is the candidate of his party for President of the United States. He will not assume his duties until next March, however, and what the Senator from Connecticut wants is to do something now, when Governor Roosevelt can neither approve nor veto his beer bill.

Why does not the Senator, if he is sincere, find out what his own leader, his own President, and his own party associates will do with his bill or will not do with his bill on beer? Why does he not do that now—not next March, but now?

Mr. BINGHAM. It is not my idea that it would be the duty of the Governor of New York, after and if he becomes President, to tell the Congress what to do; but as the leader of his party it was my idea that he might indicate to the members of his party that he desired them to interpret the word "immediate" as meaning now.

Mr. LONG. Mr. President, in view of the pronouncement which is being made by several of the Republican Senators who are so anxious to have Governor Roosevelt assume the leadership of the Nation at this time, I was wondering if there might not, in a spirit of compromise, be some method evolved, since it is so harmonious and we all realize how we need Roosevelt's leadership here now, so that we might make his election immediate, and immediately end the abominable situation afflicting the other side of the Chamber.

Mr. KEAN. Mr. President, in connection with this discussion, I think it is fair to point out to the Senate that a judge in New Jersey first called the attention of the country, in a decision a year ago, to the fact that these questions should be submitted to conventions rather than to the legislatures of the States.

I have here a letter which appeared in the New York Herald Tribune, on the 17th of June, which I should like to have printed in the RECORD, in regard to Judge Clark.

Judge Clark, a distinguished United States judge of the State of New Jersey, has a very distinguished ancestry. His grandfather, J. Donald Cameron, was a United States Senator from Pennsylvania from 1877 to 1897, and his great-grandfather, Simon Cameron, was also a member of the United States Senate from Pennsylvania from 1845 to 1849, from 1857 to 1861, and from 1867 to 1877, so that members of his family were Members of the Senate from before the Civil War down to 1897. I therefore ask that this article may be printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

#### CREDIT TO JUDGE CLARK

To the NEW YORK HERALD TRIBUNE:

In all of the claims put forth as to the original authorship of the various proposals for reconsideration of the prohibition problem, culminating at present in the plank adopted by the Republican National Convention, I see no mention of credit being given to Judge Clark, of New Jersey, whose famous decision that the eighteenth amendment is unconstitutional was so promptly overruled by the Supreme Court.

Judge Clark based his decision upon the ground that, although the Constitution provides for two methods of ratification of a proposed amendment by the States, such provision basically is for the purpose of enabling the people of the country, by States, to adopt or reject any proposed amendment. He therefore held that the provisions of Article V of the Constitution should be interpreted in the light of the conditions as the original framers found them and also the conditions of modern times.

At the time of the adoption of the original Constitution, ratification by State legislatures reflected accurately the opinion of the people as a whole. But the framers of the Constitution wisely provided an alternative method of State conventions, elected for the sole purpose of considering the one question of amendment or repeal, and nothing else. Their obvious intent was to provide for an unbiased expression of opinion on the part of the people themselves if, for any reason, such expression could not be procured through the medium of State legislatures.

Judge Clark held that in the case of the eighteenth amendment certain of the State legislatures had been elected before the question was presented, and that, therefore, their members were not

elected with the eighteenth amendment as an issue before their constituents. He also held that in the cases of other State legislatures whose members had been elected after the question had been presented, other issues aside from the proposed eighteenth amendment had been before their constituents, and that, therefore, their election could not be considered as an expression of the will of the people on that single question. He held that the eighteenth amendment had not been ratified by the people of the country, and, interpreting the Constitution along broad and basic lines, that the eighteenth amendment was therefore unconstitutional.

At the time of the reversal of this decision by the Supreme Court the opinion was generally expressed, editorially and otherwise, that although the Supreme Court's decision was to be expected in view of its previous decisions on somewhat similar questions, future proposed amendments or questions of repeal should and would be placed before State conventions elected for the sole purpose of considering the single question proposed.

It is extraordinarily interesting to note that, except for some of the proposals by the so-called dries, no proposal of any importance has been made for the reconsideration of the eighteenth amendment which does not contain the specific condition that the question of further amendment or repeal shall be passed upon by State conventions and not by State legislatures. The dries have an obvious reason for preferring State legislatures, which in itself supports Judge Clark in his opinion.

Judge Clark's decision, although reversed by the Supreme Court, has had and will continue to have the most far-reaching effect upon the Government of the United States in relation to its Constitution. No matter what plan is adopted as a solution to the prohibition problem, the "Clark plan" appears to be unquestioned as to its wisdom and soundness.

BRADFORD B. LOCKE.

NEW YORK, June 17, 1932.

Mr. SHEPPARD obtained the floor.

Mr. COOLIDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Massachusetts?

Mr. SHEPPARD. I do.

Mr. COOLIDGE. Out of order, I ask unanimous consent for the immediate consideration of a bill reported from the Committee on Military Affairs. It is Order of Business No. 1076, House bill 7293, the last bill on page 12 of the calendar.

The VICE PRESIDENT. The title of the bill will be stated for the information of the Senate.

Mr. NORRIS. Mr. President, what is the request?

The VICE PRESIDENT. The Senator from Massachusetts asks unanimous consent for the present consideration of Order of Business No. 1076.

Mr. NORRIS. I object to that, Mr. President. This is the morning hour. If Senators are going to filibuster against this resolution calling on the Reconstruction Finance Corporation for a report, let us make them do so up to the end. Let the filibuster go on until 2 o'clock.

The VICE PRESIDENT. Objection is made. The Senator from Texas is recognized.

Mr. SHEPPARD. Mr. President, I desire to call attention to the fact that the decision by Judge Clark to which the Senator from New Jersey has referred was overruled by the Supreme Court of the United States, and declared by that tribunal of last resort to be without foundation.

I shall not detain the Senate beyond the time required for a few comments upon some of the objections to the eighteenth amendment, inasmuch as a motion is now pending to discharge the Judiciary Committee from the consideration of an amendment repealing or changing that amendment.

To the claim that national prohibition was adopted without due deliberation when public interest was absorbed in war, I need but reply that a majority of the American people, occupying three-fourths of American territory, were living under prohibition by States and localities when the eighteenth amendment was submitted. Those States and localities had reached a status favorable to prohibition after decades and decades of consideration, discussion, and experience. It was the desire of this majority to remove the handicaps suffered from the inflow of liquors from a few wet States that formed one of the principal causes of the adoption of national prohibition.

To the claim that prohibition interferes with individualism and individual liberty, I need but reply that the liquor habit is a menace to both, a menace which multiplied millions of the human race are unable to resist.

No drunkard can make effective use of individual initiative, liberty, and opportunity. Neither may the steady or moderate drinker, with faculties weakened and impaired, make the best possible use of these attributes.

Liquor propagandists attribute to prohibition almost every ill that befalls this Nation, the tides of lawlessness, disorder, and immorality that have swept this country and the world following the horror and the strain of world-wide war. If the saloons had been open during the postwar period the imagination can not encompass the economic and moral chaos that would have ensued. Crime waves will be more rampant, and riots will border on revolution, in the event the eighteenth amendment is repealed.

Before the war, whenever public order was threatened the authorities would at once close the saloons. The eighteenth amendment has already closed them, and will keep them closed when the disturbances which now seem about to occur, bloody as they probably will be, come upon us.

To the claim that prohibition enforcement is a farce, let me point to the status of enforcement.

A law may be said to be effectively enforced when a majority of the people approve it, and when a majority of indictments against offenders result in conviction. Such is undoubtedly the case with national prohibition.

Let me point to the material benefits of national prohibition.

The eighteenth amendment and the Volstead Act mark a new epoch in the economic as well as the moral history of the world; the suppression, so far as the United States is concerned, of alcohol as an intoxicant, and its promotion as an industrial material of almost universal beneficence and importance. The industrial uses of alcohol in its native undrinkable state are numbered by thousands, notably in the manufacture of numberless articles necessary to civilized life, including glass, rubber, fertilizer, dyes, surgical materials, and medical appliances; in the preservation of medicines and specimens in hospitals, laboratories, and museums; in the production of fuel, heat, light, and power. Prohibition has not only turned alcohol itself into constructive channels, but also the funds formerly expended for it, and the plants which housed it when it was a legalized intoxicant.

The application of liquor money to a higher and better end has been reflected during national prohibition in the largest savings deposits and the largest general deposits in American banks in all our history. In fact, the only bright spot in the depression through which the country is now struggling is the fact that savings deposits have held their own, and in fact have increased to some extent, despite the general backwardness in connection with all other industries and enterprises.

As a result of the eighteenth amendment we see public drunkenness disappearing, wrecks and rounders of former days turned into useful workers; properties formerly occupied by liquor interests and kindred evils devoted to important business and industrial activities, with increased enhancement in value; maintenance of fewer public charges due to drink; better home conditions; more comfort for mothers and children; an unprecedented decline in the national death rate, equivalent to the saving of millions of lives since 1920. We have but to stand our ground to make sure of the retention of the eighteenth amendment and its tremendous benefits.

We have but to renew our determination to maintain our prohibition laws, to sustain our officials in the enforcement of these laws, and all will continue to be well for prohibition.

The arrest of a bootlegger, the capture of a drinking party, the seizure of illicit liquor, are proclaimed in the headlines of the newspapers. The fact that millions of pay checks are going every Saturday night to mothers and children instead of to the saloon receives no notice at all.

Alcohol as a beverage is a source of infinite injury to human beings. It imperils the human resources of our country. I know that we may boast of material assets surpassing in many respects those of the remainder of the globe, of banks, mines, and mighty structures, factories, railways, and other forms of mechanical power, of a productive

capacity unequalled by any other nation; but above and beyond all these, in true and real value are the men, the women, and the children of this Republic.

The waste in human resources occasioned by beverage alcohol did more perhaps to bring about national prohibition than any other single cause.

Mr. President, beverage alcohol is a squanderer of morals, intellect, and will. When recognized and authorized by law, its victims multiply to such extent as to undermine the mental, spiritual, and physical qualities which constitute the foundations of society. It weakens the processes of nutrition and reduces or destroys physical strength and skill, on which men and women must depend for the earning of subsistence, the support of families, the acquisition and the maintenance of homes.

It transforms humanity into inhumanity. It merges man into the beast. Under its influence men beat and starve and kill their loved ones. It wrecks ambition, crushes self-respect, and puts sanity to flight. It annihilates normal sentiments and emotions. It may easily be said to be one of the chief scourges of the human race. To say that it should not be forbidden by law and fought by every weapon at our command is to deny our duty both to God and to mankind.

The fight against this evil took on an intensive character when increased population, increased production, increased capital, increased chances for gain, made possible by the machine age, developed, among other expansions of production, the manufacture of intoxicants to an extent that threatened serious consequences to our civilization. With deepening intensity the conflict raged from year to year, the opponents of liquor scoring a major victory in 1919 by writing prohibition into the Constitution of the United States.

Thus we captured liquor's most important position in this continuous warfare against one of the most dangerous forms of evil. That position we intend to hold; and I propose to resist any effort to put in motion any movement against the eighteenth amendment unless specifically instructed to pursue an opposite course by the people of my own State.

Mr. NORRIS. Mr. President, the pending question is on a motion to discharge the Committee on the Judiciary. As far as I know, there is not a single vote in the Senate opposed to it. As I notified the Senator from New Jersey [Mr. BARBOUR] when he started his speech, that so far as I knew there was no opposition, and I was perfectly willing to vote for his motion to discharge the committee. But he continued to speak. Then came the Senator from Connecticut, making a speech on the motion to discharge the committee, which he favored, of course. He was complaining in his speech because the resolution had not been reported before. I asked him to sit down and let us agree to the motion. I was for the adoption of the motion. But after listening to the Senator from Connecticut make his speech in favor of it, I became convinced that it ought not to be agreed to. So, Mr. President, I feel it my duty to take up a little of the time the Senate would have devoted to the defeating of the resolution against which they are really filibustering by taking the time between 12 and 2 o'clock.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BRATTON. Will the Senator yield in order that I may note the absence of a quorum?

Mr. NORRIS. No; I do not care to have a quorum called.

The VICE PRESIDENT. The Senator declines to yield for that purpose.

Mr. SHEPPARD. Mr. President, the Senator will absolve me from any desire to filibuster. I thought it necessary to make a brief reply to the Senator from New Jersey.

Mr. NORRIS. The real resolution to be brought up, following the motion to discharge the committee, was my resolution, Senate Resolution 260, reading as follows:

*Resolved*, That the Reconstruction Finance Corporation be, and it is hereby, directed to report to the Senate a complete and detailed list of all loans which have been made by said corporation, giving, in each instance, the name of the person, firm, or corporation to whom or to which such loans have been made; the date of maturity; the rate of interest; and the nature of the security taken for the making of all such loans.



The said Reconstruction Finance Corporation is further directed to report to the Senate all commitments and agreements for the making of any loans which have not been completed, giving, in each instance, the terms, conditions, and rate of interest in regard to such proposed commitments or agreements.

If the motion to discharge the Committee on the Judiciary had been agreed to, the resolution I have just read would automatically have come before the Senate. But under the rules of the Senate it would have had to be disposed of before 2 o'clock. So these great statesmen, particularly the champion filibusterer from Connecticut, resolved to filibuster on something they wanted themselves in order to take up time and defeat something they did not want. They did not have the courage, they did not have the bravery, they did not have the honesty and the fairness to fight the resolution to which they were really opposed, but, under cover of another measure, they are trying to shield the railroads, the corporations, the banks, the insurance companies, and other corporations from disclosing to the people of the United States the money they got from the taxpayers' pockets. That is the object of it all.

Mr. CONNALLY. And to shield the board of the Reconstruction Finance Corporation, too.

Mr. NORRIS. Yes. That has been the object of this debate. They figured that if they continued it until just before 2 o'clock, then they would get the motion they favored agreed to, which would take them only a minute or two, and kill the other measure, which they did not want.

Under the guise of killing the resolution I have read the filibuster has taken place over a motion to which nobody objects, or to which nobody did object before the Senator from Connecticut made his speech, but he was so eloquent, so forceful, so logical, in the great, statesmanlike oration he delivered, that he convinced me that I was wrong when I favored it, and so I am not going to let it pass.

Mr. BINGHAM. So I really accomplished something.

Mr. NORRIS. The Senator really accomplished something. He accomplished something else, of course, for the time being at least, he really accomplished something.

Mr. President, the Senator had an opportunity to make a speech on beer, something which he has not done for several hours in the Senate. That was another thing he accomplished. The Senator from Connecticut is never happy unless he is waving a beer bottle in each hand. [Laughter.] When he can, by any pretext whatever, get an opportunity to exhibit his knowledge of beer, he never forgets to take the opportunity.

The argument was made on a motion to discharge a committee from the consideration of a resolution which the Senator from Connecticut pretended in his eloquent speech he had been so anxious to have the committee act on, for months and months, weeping bitter tears of regret because the Committee on the Judiciary did not act, and now, when the opportunity comes, and a motion is made to discharge the committee, and the committee says, "All right, we are perfectly willing to take it up and put it on the calendar and bring it up for a vote," immediately the Senator gets a weak heart and talks his dear old beer resolution to death.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LONG. I have been detained in a committee hearing, and inasmuch as the Senator from Nebraska has been converted against his own conviction by a speech made in favor of this motion, may I assume that he will probably occupy the floor until 2 o'clock?

Mr. NORRIS. Probably. If the Senator would like to talk a little while, he may do so, and I can get the floor again. I will yield to the Senator, if he desires to talk.

Mr. LONG. No; I just wanted to be certain that the Senator was going to talk until that time.

Mr. NORRIS. Under the rules, I can speak twice on a resolution. This is my first speech. It is now 4 minutes to 2, and if the Senator wants to speak for 2 or 3 minutes, I will yield.

Mr. LONG. No; I prefer that the Senator go on.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. I realize the force of what the Senator has said—the very impressive force. Why can we not take up the unfinished business and go on with it?

Mr. NORRIS. Mr. President, I will see if we can not do that. I ask unanimous consent that the pending motion and also the Senate Resolution 260, which I offered—the real resolution—be sent to the calendar, the same as though we had debated them until 2 o'clock.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. NORRIS. Very well. Now we can go on with the unfinished business.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 462) making an appropriation to provide transportation to their homes for veterans of the World War temporarily quartered in the District of Columbia, and it was signed by the Vice President.

#### HOME-LOAN BANKS

The Senate resumed the consideration of the bill (H. R. 12280) to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes, the pending question being on the amendment offered by the Senator from Connecticut [Mr. BINGHAM].

Mr. ROBINSON of Arkansas obtained the floor.

Mr. BINGHAM. Mr. President, will the Senator yield to me for a moment?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. I desire to perfect the amendment by offering another as a substitute for the amendment which I submitted last night.

The VICE PRESIDENT. The substitute will be read.

The CHIEF CLERK. The Senator from Connecticut offers the following amendment, to be inserted on page 39 after line 19:

That the national prohibition act, as amended and supplemented, is amended in the following respects:

(a) By striking out the words "one-half of 1 per cent or more" wherever they appear in such act and inserting in lieu thereof the words "more than 3.45 per cent."

(b) By striking out the words "less than one-half of 1 per cent" wherever they appear in such act and inserting in lieu thereof the words "not more than 3.45 per cent."

(c) By striking out the words "more than one-half of 1 per cent" wherever they appear in such act and inserting in lieu thereof the words "more than 3.45 per cent."

(d) By striking out the words "below such one-half of 1 per cent" wherever they appear in such act, and inserting in lieu thereof the words "to 3.45 per cent or less."

(e) By striking out the words "and is otherwise denominated than as beer, ale, or porter" where they appear in section 1 of Title II of such act and inserting in lieu thereof the words "and is otherwise denominated than as ale."

SEC. 2. Any offense in violation of, or any right, obligation, or penalty, or any seizure or forfeiture based upon any provision of the national prohibition act, as amended and supplemented, or upon any regulation or permit issued thereunder, committed, accruing, made, or incurred prior to the time this act takes effect, may be prosecuted or enforced in the same manner and with the same effect as if this act had not been passed.

SEC. 3. All permits issued under the national prohibition act, as amended and supplemented, before this act takes effect, shall be valid with respect to intoxicating liquor as hereinbefore defined in this act, to the same extent as such permits are, at the time this act takes effect, valid with respect to intoxicating liquor as defined by law prior to the enactment of this act.

SEC. 4. Title II of the national prohibition act, as amended and supplemented, is amended by adding at the end thereof the following new section:

"SEC. 40. All fermented liquors brewed or manufactured, and taxable under the provisions of section 608 of the revenue act of 1918, and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, shall be packed in cases of pint bottles of 16 fluid ounces content, such cases to contain 1 dozen, 2 dozen, or 4 dozen such bottles each. Each case and individual bottle shall be marked, branded, and labeled in such manner as the Attorney General and the Secretary of the Treasury shall, jointly, by regulations prescribe, and all sales by brewers and dealers in fer-

mented liquors shall be in the original package or case so marked, branded, or labeled. Such fermented liquors may be removed from such package or case for use in any public place only by legitimate hotels and restaurants and for the sole purpose of serving such liquors in the dining rooms of such establishments in the pint bottle with meals."

Sec. 5. This title shall take effect at the end of the thirtieth day after the passage of this act.

Mr. ROBINSON of Arkansas. Mr. President, it is my intention, unless a substitute amendment shall be adopted for the amendment proposed by the Senator from Connecticut, to move to refer this amendment to the Committee on the Judiciary.

Mr. BULKLEY. Mr. President, will the Senator yield to permit me to suggest the absence of a quorum?

Mr. ROBINSON of Arkansas. I yield.

Mr. BULKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	Kling	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiger
Brookhart	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Morrison	Vandenberg
Caraway	Hastings	Moses	Wagner
Cohen	Hatfield	Norbeck	Walcott
Connally	Hawes	Norris	Walsh, Mass.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present. The Senator from Arkansas has the floor.

Mr. ROBINSON of Arkansas. Mr. President, for many months the Congress has been in session. The work of the Congress has been prolonged already beyond the period that any of us anticipated a short time ago. There are without doubt some measures upon which it will be necessary to have final action before an adjournment sine die can be obtained. There is pending before the Senate a conference report on the unemployment relief bill. May I say now, preparatory to some suggestions which may be made later, that it is expected that the Senate will proceed to the consideration of the conference report not later than at an early hour after convening to-morrow. It is possible that the subject may be taken up this afternoon.

A great deal of time during this session has been devoted to discussion of questions not immediately before the Senate. The entire day yesterday, with the exception of a single vote on the very important amendment offered by the Senator from North Dakota [Mr. FRAZIER], was consumed in discussing the liquor question. The Senator from Connecticut [Mr. BINGHAM] was exerting his great intellectual resources, his powerful and effective processes of strategy, to incorporate in the home loan bank bill a provision legalizing the manufacture and sale of beer. The Senate adjourned yesterday in order to afford an opportunity during the morning hour of to-day to consider measures on the Calendar which are of vital importance and which perhaps can not receive consideration now, because of the fact that almost the entire two hours of the morning hour were wasted in the discussion of questions not immediately before the Senate. I realize from a long experience the freedom of debate which prevails here, the right of individual Senators to speak just as long as they please on any subject that they choose, and that when a Senator once takes the floor nobody but Almighty God can interrupt him, and that the Lord never seems to take any notice of him. [Laughter.]

It is a pathetic spectacle to observe the greatest deliberative body on earth withdrawing its attention and consideration from subjects and measures which are generally regarded as essential to the welfare of the Nation, to devote

its time to questions upon which a vote can not be had, even though there were well-nigh unanimous consensus of opinion, to questions that are not before the Senate. It does not strengthen the confidence of the people of our Nation, in either the disposition or the ability of legislators to perform their functions in accordance with high standards, to present day after day and hour after hour the spectacle of discussing measures that are not before the Senate. I am fully conscious of the reply that can be made to this declaration.

It is proposed now to attach to the pending home loan bank bill an amendment offered by the Senator from Connecticut [Mr. BINGHAM] which has no relation to the subject matter of the bill, an amendment which can not be agreed to in view of the situation that prevails here, an amendment that is intended to embarrass Members of this body by seeking to make it appear that Senators are unwilling to carry out the mandates of the platform recently adopted. It does not profit the people of the United States for me to point out to the Senator from Connecticut that the platform which his party adopted at Chicago is so ambiguous, so indefinite, so uncertain, that the greatest straddler in the world may stand on it in front of or behind another great straddler who takes exactly a contrary view from that taken by the first straddler. [Laughter.] It does not depend on the Senator from Connecticut that Democrats, if the people of this Nation give their approval to the Democratic candidates, shall carry out their platform. I for one grow very suspicious of an effort by the Senator from Connecticut to require me to conform to my platform. Everyone here realizes that the Constitution of the United States forbids the manufacture and sale of intoxicating beverages and that the real question in any legislation that can be presented while the Constitution remains unchanged is, What constitutes intoxicating beverages? If the Senator from Connecticut imagines that I or those associated closely with me are disposed to take his conclusions as to what constitutes an intoxicating beverage, he is greatly mistaken; he is asleep and due for an awakening.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield with pleasure to the Senator from Connecticut; but, Mr. President—no, on second thought I shall decline to yield. I witnessed yesterday the waste of a great deal of time in this Chamber by amusing and humorous interchanges or passages between the Senator from Connecticut and other Senators. It was difficult sometimes to determine the basis of the humor, but those possessed with acute intelligence avowed themselves ready to see something funny in the proceedings. This, however, is no time for the Senate to indulge in amusement.

Mr. BINGHAM. Mr. President—

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON of Arkansas. I yield.

Mr. BINGHAM. Will the Senator permit me to correct a statement which the Senator has made? The statement the Senator just made in regard to the amount of alcohol in the amendment was correct as to the amendment as offered last night, but not correct as to the amendment which was offered this morning as a substitute therefor. That was because distinguished Senators on the other side of the aisle declared that they believed it would bring it within the constitutional limitation by asking for 2.75 per cent alcoholic content by weight. What I have offered is 3.45 per cent by volume, which is exactly the same thing.

Mr. ROBINSON of Arkansas. Mr. President, I said nothing about the amount of alcoholic content in the proposal of the Senator from Connecticut. I made the declaration, and I reaffirm it with all the emphasis at my command, that the Senator from Connecticut is not a qualified judge to determine what constitutes an intoxicating beverage; he does not know anything about it; he never had any experience with it; he is not a competent witness. [Laughter.] In all seriousness, this involves a scientific question. No one here objects to supporting a provision of law which would make lawful the manufacture and the sale of a non-



intoxicating beverage. What we oppose is an effort to authorize the manufacture and sale of a beverage that may be determined by the highest authority to be intoxicating and in violation of the Constitution and of the oaths we have taken to support that instrument.

If amendments not really germane to the subject matter of this proposed legislation are to be incorporated in it, let us incorporate something that will be helpful in this time of distress; let us deal with this legislation seriously and effectively. Already the bill has been amended until its paternal ancestor can not recognize his child. It already has become an orphan by reason of the adoption of amendments proposed in this Chamber.

The Senator from Connecticut knows, and every other Senator who hears me knows, that if this amendment be incorporated in the home loan bank bill it will mean the death of the legislation. Senators may well find ground for opposition to the measure, but they ought not to seek to kill it by trying to have incorporated in it a provision that they know will invite a veto even should it pass the Senate and be agreed to in conference.

Why all this haste? Why is it that upon every bill that is brought forward here, whether it be a bill to provide for the relief of persons in distress or the erection of a courthouse at Podunk, the Senate is compelled to listen to hours of debate on an irrelevant subject pertaining to beer or liquor? What this Congress ought to do, in my humble judgment, is to dispose of this bill, dispose of the conference report on the relief bill, pass the Glass substitute for the Goldsborough bill, get the Army appropriation bill out of conference, dispose of that, and then provide for a quick adjournment. The country will be gratified; Senators will be relieved.

This liquor question has been made an issue in the national campaign. The effort now is to defeat the issue before it can be contested or determined. There is not anybody—I do not care how "wet" or how "dry" he may be—who expects to authorize the manufacture and sale of beer in connection with a measure which is designed to bring relief and assistance to millions of citizens who are having their homes sold from under them; who are threatened with the danger of seeing the small savings of a long lifetime of sacrifice and hard labor dissipated and of finding themselves set adrift without hope and without resources.

The Senator from Idaho [Mr. BORAH] has indicated to me his intention to propose a substitute for the pending amendment. It is the Glass substitute for the Goldsborough bill. I hope he does that when the opportunity arises. It is true that it is not directly germane to the primary purposes of the pending bill, and yet in every practical sense it is germane to the objects of the measure. It contemplates a sound arrangement by which the currency of the Nation may be expended up to the amount of \$995,000,000, and no more.

The declaration was made on the floor by the Senator from Pennsylvania [Mr. REED] that this provision would constitute an inflation to the amount of \$14,000,000,000, because that is the amount of Government bonds in existence; but the Senator must know—he may have forgotten—that the amount of bonds which any bank may use for the purpose of note circulation is limited to the amount of its capital, and that under the provisions of the bill the aggregate of increase in circulation would be a little less than a billion dollars. There are many who believe that such a measure would comport with the policy of authorizing a system by which the citizens in distress may be able to save their homes. I do not see how anyone could oppose that amendment in favor of a beer amendment on this bill.

I hope that this body may devote itself to its labors and conclude them and adjourn in the very early future. I believe it will be approved by the public, and I know it will add to the comfort of those of us who have been here from day to day trying to solve the great problems which have been presented for our solution.

I am speaking earnestly, because I realize that the Senate of the United States, in a measure, has been discredited by the practices which have prevailed here. I am speaking

earnestly, because I hope that throughout the remainder of this session we may devote ourselves to a fair consideration of the issues that are actually before us.

Mr. BORAH. Mr. President, I offer an amendment to the pending amendment in the way of a substitute and ask the clerk to read it beginning in line 5.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. In lieu of the amendment proposed by the Senator from Connecticut it is proposed to insert the following additional sections:

Sec. —. That notwithstanding any provisions of law prohibiting bonds of the United States from bearing the circulation privilege, for a period of five years from the date of enactment of this act all outstanding bonds of the United States heretofore issued or issued during such period shall be receivable by the Treasurer of the United States as security for the issuance of circulating notes to national banking associations, and upon the deposit with the Treasurer of the United States by a national banking association of any such bonds such association shall be entitled to receive circulating notes in the same manner and to the same extent and subject to the same conditions and limitations now provided by law in the case of 2 per cent gold bonds of the United States bearing the circulation privilege; except that the limitation contained in section 9 of the act of July 12, 1882, as amended, with respect to the amount of lawful money which may be deposited with the Treasurer of the United States by national banking associations for the purpose of withdrawing bonds held as security for their circulating notes, shall not apply to the bonds of the United States to which the circulation privilege is extended by this act and which are held as security for such notes. Nothing contained in this section shall be construed to modify, amend, or repeal any law relating to bonds of the United States which now bear the circulation privilege.

Sec. —. As used in this act, the word "bonds" shall not include notes, certificates, or bills issued by the United States.

Sec. —. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

Mr. BORAH obtained the floor.

Mr. WATSON. Mr. President, will the Senator yield for a question?

Mr. BORAH. I yield to the Senator from Indiana.

Mr. WATSON. Do I understand the Senator to offer his amendment as an amendment to the amendment offered by the Senator from Connecticut, or as a substitute for it?

Mr. BORAH. It is offered in the nature of a substitute.

Mr. WATSON. For the amendment offered by the Senator from Connecticut?

Mr. BORAH. Yes, sir.

Mr. WATSON. Then, I wish to submit a parliamentary inquiry. If the motion of the Senator from Arkansas should prevail to refer the Bingham amendment—

Mr. ROBINSON of Arkansas. Mr. President, may I correct the Senator from Indiana, anticipating what he is about to say?

Mr. WATSON. Certainly.

Mr. ROBINSON of Arkansas. I announced that if the amendment of the Senator from Idaho did not prevail I would make a motion to refer to the Committee on the Judiciary the amendment of the Senator from Connecticut.

Mr. WATSON. But the Senator from Idaho, as I understand, is offering his amendment as a substitute for the Bingham amendment.

Mr. ROBINSON of Arkansas. Yes; and if the amendment offered by the Senator from Idaho shall be agreed to, I shall not, of course, move to refer to the committee the amendment of the Senator from Connecticut, but if the amendment of the Senator from Idaho shall not be agreed to, I shall then avail myself of the privilege of making that motion.

Mr. BORAH. Mr. President, this amendment will be recognized as a measure reported by the able Senator from Virginia [Mr. GLASS] from the Committee on Banking and Currency. I am informed that the measure, as reported, had the unanimous support of that committee. I have offered it with the approval of the author.

Mr. President, I am somewhat confused and more or less resentful in regard to the method in which we are trying to legislate these days. Everyone naturally would prefer to have each measure stand upon its own merits, and survive or fall according to its merits; but in view of the mode which has been adopted with reference to this bill, and in view

of the pending amendment offered by the Senator from Connecticut [Mr. BINGHAM], and in view of limited time in which we have before adjournment, I feel that I am justified in offering this amendment to this measure. I would urge it as a separate measure if I felt I would have an opportunity.

The amendment is, in my judgment, a very conservative one. It can by no means, it seems to me, be assailed as inflation in the objectionable sense in which that term is used. The Senator from Arkansas [Mr. ROBINSON] has just stated the extent to which the currency may be increased under this bill. My own view is that while it is a step in the right direction, we shall have to go much farther before we shall have passed through our present period of depression. I urge it as a beginning.

This depression has been with us for nearly three years. There does not seem to be anything in the way of modification of its tendency. Unemployment is increasing; prices continue to fall; and the forces of deflation are advancing. Conditions are growing more and more serious.

I was conversing to-day with one of the great wheat raisers of the United States, perhaps the largest wheat raiser in the United States. He informed me that he was harvesting some 500,000 bushels of wheat, and that the price of his wheat on board the cars is 16 cents a bushel. By the time the freight is paid and the commission is paid for selling the wheat he will realize about 8 cents a bushel. The result is that with this vast holding, and producing something without which we can not live, he is unable to secure sufficient money to pay for harvesting his crop. We have reached the point where neither currency nor credit can be had for the producers of the things without which we can not live. Fifteen nations have already entered upon a system of barter and we seem tending in that direction.

It is said that the great World War cost us something like \$35,000,000,000. It is now estimated that this deflation has cost us from \$150,000,000,000 to \$200,000,000,000. Any subject, therefore, or any matter which has any logical relationship with the great problem before us of how to arrest the tendencies of the present time must, it seems to me, be of much greater concern than either beer or red liquor. Indeed, it is the most vital problem of all problems, for upon its solution all else depends.

There are two schools with reference to the present depression or deflation. There are those who believe that it must run its course. They take the fatalistic view that there is little if anything we can do toward arresting the fall of prices and staying the tendencies of deflation, and that it must run its natural course. There are those who contend that any attempt to change its natural course will be futile. I do not belong to that school. I utterly reject this morbid doctrine. This depression was man made. Nature has not failed us, she has been bountiful. We are not the victims of flood or famine. We are the victims of unwise policies and by changing these policies we can greatly relieve the situation.

Prof. Gustave Cassel, an authority upon money and economic questions, in discussing this phase of the situation before an audience in Oxford, England, had this to say:

Wherever in the world we look for help we only find an appalling lack both of insight and resolution. Those supposed to be in power proclaim themselves to be absolutely powerless in monetary matters and refuse to recognize any responsibility for the course of affairs. Thus chances are lost which perhaps will not recur.

There is another school taking the position that it is within the power of governments, particularly through the power over money which governments possess, to deal with the fall of prices, and thus to have some material and beneficial effect upon the depression itself. It is contended by this school of thought that through a sound expansion of the currency, through a full use of our gold we can arrest the fall of prices and again find the road to recovery. I desire to read briefly from some of those who take this view.

Calling attention again to Professor Cassel—to whom I shall refer more than once—I desire to read a further paragraph from one of his lectures:

We now know that the value of gold can be controlled by suitable regulation of the world's monetary demand for gold. This alters the whole relation between currency and gold. Our ultimate purpose is now to give our currency a fixed value in terms of commodities. We regulate the value of gold with a view to making it correspond to that fixed value of our currency. \* \* \*

The Federal reserve authorities therefore control not only the general level of prices in the United States, but also the price level of all other gold-standard countries in the world.

Mr. Sprague, one of the advisers of the Bank of England and formerly professor of economics at Harvard University, speaking at a luncheon of the English-Speaking Union held in London a short time ago, said, in speaking of the increasing quantity of the metallic medium of gold money:

The central banks could do that—

That is, stabilization of prices—

if they were convinced that it was advisable. There is no obstacle in their way on the ground of insufficient gold.

I wish it understood that I am not to-day assailing the gold standard. I simply wish to offer some views as to whether the gold standard is doing the work that it ought to and can do.

In the Macmillan report—a report made a short time ago by Lord Macmillan, with whom were associated a number of distinguished experts—we find this statement:

Thus our objective should be, so far as it lies within the power of this country to influence the international price level, first of all to raise prices a long way above the present level and then to maintain them at the level thus reached with as much stability as can be managed. \* \* \*

At the same time we see no great reason to doubt the feasibility of attaining the objective of a higher price level in due course, provided that the central banks of the leading creditor countries will work together with this end in view. No one would doubt the ability of a closed monetary system to bring about a rise of prices; in fact it is only too easy. Thus the chief ground of hesitation is the difficulty of securing adequate cooperation among central banks rather than any obstacle inherent in the nature of the problems. The subsequent maintenance of stability may prove more difficult, but experience alone will supply a confident answer.

The view of the committee being that with the gold which is now in possession or under control of the central banks it would be possible to raise the price level; and the opinion is expressed that after raising it, it would be possible to maintain it.

Governor Harrison, in speaking before the committee, expressed a similar view.

Mr. President, the great question is, Can the fall of prices be arrested? If not, there is nothing ahead but disaster.

Rome has been referred to quite often in this session; but if we go back and search for the real cause of the fall of Rome it was not so much the ambition of political leaders as the fall of commodity prices. Three great civilizations in recorded history have been threatened by a persistent fall of prices. Two of these were saved by the discovery of a new supply of the precious metals, gold and silver.

Professor Jenssen, speaking a few days ago, had this statement to make—he was a member, as you recall, of the gold committee of the League of Nations. He says that if the fall of prices can not be arrested, which he thinks may be done under proper control of the gold supply of the world—

If the process continues, millions of people in this economically interlocked world must inevitably die of starvation, and it is indeed doubtful whether our present civilization can survive.

Mr. President, it is sometimes said that prices began to fall after the stock-market debacle of 1929. With the exception of two years, when the United States was exporting a large amount of gold to other countries, which resulted in building up the markets, prices have been falling since 1925; and that fall has taken place contemporaneously and along with the maldistribution, or what I call the sterilization, of a large part of the gold of the world. If we can not arrest the fall of prices and stabilize prices, what is the result?

We have an example before us at this session: More taxes, thereby destroying the energy and the initiative of the people; more taxes, less purchasing power, and more unemployed; more bonds, thereby destroying the credit of the Government and of the people of the United States. It is a process which works to its own certain chaos. There is



no way, it seems to me, by which we can relieve unemployment, by which we can relieve the burden of debt, other than that of stabilizing prices, of increasing the price of a commodity, and then stabilizing it at a reasonable price. That, as I shall undertake to show upon authorities far more competent, of course, than myself to discuss this question, may be accomplished and brought about through a proper use of the gold supply which we already have in our possession.

The course which has been pursued during this winter with reference to relief measures can not do other than put us in deeper distress unless those measures are accompanied by measures and policies which result in the stabilization of commodity prices. As I have said, some contend this deflation must run its course, that these prices will find their natural level. My opinion is that the end of this depression, unless we make a wise use of our large gold supply, making it the base of a sufficient currency, is chaos.

As I said a moment ago, I do not wish to be understood as arguing for paper money, or as arguing for fiat money, or as attacking the gold standard. I am of the opinion that the gold standard is sufficient, if properly utilized, to the end for which it should be utilized. When I say sufficient I mean if supported by a silver policy for the Orient, as I shall describe later.

Mr. President, in 1913 England was perhaps the richest country in the world. She was the center of the largest commercial transactions on the globe. She was the center of the largest trade carried on in the world. The moving, driving power behind the commercial supremacy and the trade and financial supremacy of England at that time was the Bank of England. The Bank of England had at that time a reserve of some \$200,000,000 in gold. The banks of the United States and France and the people of these countries at the present time have in their control some \$7,000,000,000 of gold. The people of the United States are now in possession of some \$4,000,000,000. We have \$3,800,000,000 more than the amount upon which England maintained her commercial and financial supremacy.

I desire to read a paragraph, in connection with that statement, from the survey of the City National Bank made a short time ago.

It is something to ponder over, that the Bank of England, with gold reserves to-day less than \$700,000,000, is clearing more international business and rendering more international aid to business than the banking and currency systems of the United States and France together, although the gold holdings of these two countries aggregate over \$7,000,000,000. These figures afford a convincing demonstration that something other than a lack of gold in the world is responsible for the present disordered world situation.

It is due to the fact that those who are in a position to control the situation and direct the course of affairs are frightened. Conservatism has come to be a cover for timidity, for incompetency, for unwillingness to aid. We have the means, we have the solid financial base, we have the power, in our gold supply, to do vastly more than we have been willing to do up to this time. We can choose our course. We can either adopt the bold initiative which will save the gold standard and bring prosperity to our people, or we can hoard and hide, timidly float with the downward tide, cause millions more to lose their business, their homes, and their farms, and at last sacrifice the gold standard. Mr. President, this is war in which we are engaged, and our generals timidly hide the utensils and instruments of war. This gold must come out of hiding and do service to mankind or give way to another system.

Mr. President, both political parties in Chicago declared for an honest dollar. Everybody is in favor of an honest dollar. The thing for which the world is crying out is an honest dollar, a dollar which can be purchased by the same amount of commodities to-day as it could a year or two years ago, a dollar which is stable, which when nominated in a contract does not accentuate the value of that contract by the mere lapse of time. Yes; everybody is in favor of an honest dollar; and if the platform makers at Chicago had discovered the Ten Commandments, and, in the ecstasy of their new discovery, had indorsed the Ten Command-

ments, they would have been no more axiomatic in the field of morals than they were in the field of finance when they indorsed the honest dollar.

No sane man wants a dishonest dollar, but we do want enough honest dollars.

What is an honest dollar? I maintain that we have not at the present time an honest dollar. In other words, our dollar is not stable in its purchasing power, and until it becomes so, and is made so, there can be no certainty in business, there can be no reliance on the future in business affairs, there can be no contracting for the future, and, therefore, business remains sterilized. It is not the dishonest dollar we are asking for. It is the honest dollar. When these people speak of an honest dollar who are they thinking of, the man who holds the mortgage or the man who must pay it? We want an honest dollar, a dollar which is fair to the creditor and debtor alike.

Let me read a statement from Professor Kemmerer, one which I have read before, but which I think relevant at this time. No more earnest advocate of the gold standard is to be found anywhere than Professor Kemmerer. He said:

There is probably no defect in the world's economic organization to-day more serious than the fact that we use as our unit of value not a thing with a fixed value but a fixed weight of gold with a widely varying value. In a little less than half a century here in the United States we have seen our yardstick of value, namely, the value of a gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 per cent; from 1896 to 1920 it fell 70 per cent; from 1920 to September, 1927, it rose 56 per cent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13.5 inches long in 1920, and is 21 inches long to-day.

Mr. President, those changes in value, the rise and fall thus indicated, are almost as great as those of potatoes or other commodities. We have in this country at the present time something like \$207,000,000,000 of public and private indebtedness. That has been increased by virtue of the increase of the value of the dollar until as a matter of fact the indebtedness in the country to-day, measured in commodities with which we must buy the dollar, is something like \$400,000,000,000.

There is no way by which the people of the United States can escape from this burden of debt except through bankruptcy and enforced repudiation, unless some relief is afforded through the increase of the prices of commodities and the stabilization of prices.

Referring to Cassel again: In a lecture at Oxford, London, on May 21, he declared emphatically that the present fall of prices was not due to economic causes, to overproduction, to machinery, but to our monetary system, placing the responsibility for the extraordinary fall of prices squarely upon the central banks of the world. The effect of his statement was that, owing to the scarcity of gold, it was within the power of the banks to manipulate its use and that they did so with the effect of bringing about our present deplorable condition of affairs. He said:

Neither technical progress in reducing the cost of production nor an increase in volume of production could properly be held to be causes of a general fall in prices.

Again, he said:

If the central banks follow a policy which must lead, say, to a violent increase in the value of gold, the behavior of such banks must be regarded as the cause of this movement, and the banks have to carry the whole responsibility for the consequences.

Coming from this high source, from this outstanding authority, this is a fearful indictment. The loss of fortunes, the ruined health, the misery, the poverty, which have been brought about in the last two and one-half years are here placed upon the central banks and our monetary conditions.

We are in the midst of plenty—goods to wear are molding on the shelves and food to eat is rotting undistributed—but there is distress and confusion and want and misery everywhere. This condition is due, first, to the action of individuals and private corporations abroad and at home, in disarranging, dislocating, and impoverishing our monetary system and our monetary supply. Second, it is due to the timidity, if not the subservency, of governments in per-

mitting these things to be done. We have now reached the danger point. This condition can not go on. Governments must either act or take the consequences of the people acting which means chaos and untold suffering. In an orderly city here in the East a few days ago mothers with hungry children took their baskets, marched down to the markets and the grocery stores, filled them with food and went their way and defied the authorities to act. When this spirit spreads we will realize then the awful price we are paying for this procrastination.

It is within the power of the great central banks and the banking institutions of the United States to go far in stabilizing prices.

Some nine millions of people are out of employment, farmers are leaving their homes, unable to secure means by which to harvest their crops, and the crops when harvested are practically of no value, and there can be no escape from chaos except that the governments bend their energies toward the staying of the fall of commodity prices.

As a matter of fact, Mr. President, the world to-day is upon a paper basis, and it is so by reason of the fact that the vast supply of gold in the world has been sterilized and is now hidden in vaults. Twenty-seven nations have affirmatively gone off the gold standard. The great virtue of the gold standard was that it furnished an international standard, a unit of exchange which all the nations of the world accepted. That has practically been destroyed. Twenty-seven nations have gone off the gold standard; nine more in practice have abandoned the gold standard. To-day there are only two great nations on the gold standard, France and the United States. These two nations can not keep the gold standard if they do not take steps to preserve it. People are not going to hunger and die, become bankrupts, and see even civilization threatened merely that they may know that the gold of the Nation rests in a sterilized condition in the vaults of the country. Gold is not our master; it is our servant.

The report of the gold committee of the League of Nations advises us that the gold standard in all probability can not be restored within the immediate future or within the near future. It states that before the gold standard can be restored it will be necessary to settle the reparations question, the disarmament question, the question of international tariffs, and such political questions. If those questions must be settled before the return of the gold standard as an international unit, it is far in the future when that will take place. So we must look in upon ourselves and determine for ourselves what we can do with the vast supply of gold which we have at our disposal.

If we are going to hold off and refuse to send gold abroad in any way so as to enable the nations of Europe to have the advantage of it in building up their markets and trade, then certainly we ought to use it as a basis for expanding our currency not simply into the millions but, in my opinion, into the billions.

We have a sufficient supply of gold in this country at this time, according to a statement made by a distinguished financier of New York, to justify safely and soundly the expansion of the currency, not simply into the millions, but, if need be, into the billions of dollars; and if we should do so, we would not be in any different position—that is, on a basis of money more unsound or less sound—than in 1929. It is not inflation, it is reflation; it is reestablishing the commodity prices according to the standard of 1926, or possibly of 1929.

Mr. President, the question arises, What caused the breakdown of the gold standard? The first great fact with reference to the breakdown of the gold standard as an international proposition was the fact that the nations to whom were due reparations and debts would not accept anything but gold in payment of reparations and debts. The nations of the world which owed those heavy debts were not permitted to pay in goods; high tariff walls prevented the transfer of goods, and therefore they were compelled to pay in gold.

The result was that the gold shifted from the other nations to one or two nations to whom almost exclusively these debts

were payable. The consequence was that the United States and France secured the vast supply of the gold of the world. In that way the other nations were deprived of the means of carrying on and carrying forward their commercial and trade affairs.

Secondly, Mr. President, after the maldistribution began to appear and the United States and France came to possess the larger portion of the gold, the other nations of the world began to hoard, and to-day, as a result, France and the United States monopolize the large gold supply of the world; and that which they do not actually control is now in hiding, or is hoarded in the vaults of the world. The world is to-day doing business upon a very small supply of gold, because a vast portion of it has been sterilized or hidden away in the vaults of the world.

I called attention a few moments ago to the fact that Great Britain had at the height of her commercial power a gold reserve of \$200,000,000. We now have a gold supply of something like \$4,000,000,000. In my opinion, as was said by a New York financier a few days ago in the press, that is a sufficient basis to give us ample, sufficient, and efficient currency upon a perfectly sound foundation.

If we are willing to use the gold which we have as the basis of our currency, a currency issued upon a gold base, we have an ample supply to bring about that fact. It is not for want of gold, it is not for want of a base, it is not for want of a sound foundation, but it is unwillingness upon the part of those who would be able to do so to utilize the gold to its full extent and its full power.

Secondly, Mr. President, aside from the question of expanding our currency in accordance with our capacity, I feel that we ought to call an international monetary conference, and that that should not be delayed until after election. I think the situation is so serious, so imminent, that any step that is possible to be taken should be taken now rather than a few months later. It is said that one of the great battles of the world, a battle upon which turned the history of the world, was lost because a portion of the troops came up 30 minutes late. I do not know how long, and no one knows how long the present situation can continue or how much deeper and more serious it may become before real chaos ensues; but certainly in view of the conditions which prevail in this country and throughout the world, if it is a sound thing to do to deal with monetary questions through an international conference, it may be too late to do it three or four months from now if we are to do it effectively. This conference should not only deal with the monetary questions generally, but it should restore silver to full use by nearly half the human family. But this question of the rehabilitation of silver is a question by itself. It does not properly come up upon this amendment. I shall discuss it on another occasion. It is a part of a plan, in my judgment, of preserving the gold standard. There is only about \$11,000,000,000 of monetary gold in the world; the restoration of silver to nearly one-half the human family will strengthen the gold standard.

Mr. President, this is a situation and these are the conditions which confront us. The question is, What can be done and what shall we do in regard to the problem before us? We can continue along the course heretofore pursued or do nothing except in the way of temporary relief measures—and by continuing along that line we can invite general bankruptcy. Mortgages have been foreclosed or repudiated through lack of power to meet them, and in this way these debts may be wiped out. In other words, we can have a general program of bankruptcy and start in from there. This would mean ruined homes, ruined lives, unspeakable suffering, not to say anything of the possible consequences which sometimes follow in the wake of such a program. How long it would take to get through under this program no one can foretell. It would be a long time; and, in fact, for thousands and millions of people there would be no comeback whatever. They would lose all and thousands and millions of children would be undermined in health and handicapped for life.

I believe there is another road. I believe it is possible to stop deflation, to arrest the downward course, by increasing



the price level. This can be done by increasing the amount of the monetary exchange or credit available for business. The supply of monetary exchange or credit has dropped to two-thirds of what it was three years ago. Can it not be brought back to what it was and will it not be a perfectly safe and sound thing to do?

Mr. President, I offer this amendment to the pending bill because I believe thoroughly in the principle which the amendment incorporates. I believe thoroughly in the policy which it announces. I do say that I think it is only a step in the right direction. We will have to go much farther before we have met the situation, but it is certainly a sound, sure advance in the right course. I trust that instead of dealing with the question of beer or intoxicating liquors we may at least take the first step in an effort to enable those who have homes to preserve them and to hold them, those who have farms to keep them, and possibly those who are out of employment to find employment.

Mr. NORRIS. Mr. President, I would like to ask the Senator from Idaho a question before he sits down.

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield.

Mr. NORRIS. Will the Senator give us his estimate as to how much of an increase in the circulating medium would take place under the pending amendment?

Mr. BORAH. My understanding is that it would be something like \$1,000,000,000.

Mr. NORRIS. How will that come about?

Mr. BORAH. The banks which have the bonds may have the currency as provided by law, but they are limited by their capital.

Mr. ROBINSON of Arkansas. Mr. President, there is a limitation in the law on the amount of notes that any bank may have issued. That limitation is the equivalent of its per capita stock, so the true amount that may be issued is the aggregate of the capital stock of the banks, assuming that they all avail themselves of the provision.

Mr. BINGHAM obtained the floor.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. BINGHAM. I yield.

Mr. NORRIS. I realize that; but what I am trying to find out, if there is any way to estimate it with any accuracy, is how much of an increase this will bring about in the circulating medium.

Mr. REED. Mr. President, will the Senator from Connecticut yield to me to answer that question?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. BINGHAM. I yield.

Mr. REED. I think I can answer the Senator's question. The present capital of the national banks of the United States is \$1,621,000,000. Their present outstanding circulation is \$627,000,000. Consequently, if every bank utilized the power that it has under the present law to issue circulating notes up to the full amount of its paid-up capital stock, which is the limit under the law, there would be an increase of \$994,000,000 under the provisions of the amendment.

Mr. GLASS. That is correct; and I shall put into the Record in a little while, when I am permitted to do so—

The VICE PRESIDENT. The Senator from Connecticut has been recognized.

Mr. GLASS. Very well.

Mr. BINGHAM. Mr. President, I want to congratulate the Senator from Arkansas [Mr. ROBINSON], the leader of the Democratic Party in the Senate, on his success in drawing a red herring across the trail of the matter we have been discussing here, the amendment which was offered last night and the amended form of which was offered this morning.

In the first place he objects very strenuously to my putting as a rider on the bill something that has nothing to do with it directly. In the next place he immediately invites the Senator from Idaho [Mr. BORAH] to offer as a substitute amendment to my rider something which has nothing whatever to do with the bill or my modifying amendment. Of

course, it is perfectly evident what is the object of this clever move on the part of Democrats who desire to avoid a vote on a matter which their platform says requires "immediate" attention.

I do not desire to refer unnecessarily to the Democratic platform, but in view of this extraordinary procedure, in view of the effort to confuse the issue and prevent any kind of a vote, even a vote to send to the committee an amendment pending before the Senate on the subject of the modification of the Volstead Act, let me call attention to the fact that in the Democratic platform the words "immediate" or "immediately" occur only three times. The first time it occurs, the platform says:

We advocate an immediate and drastic reduction of Government expenditures.

That we are trying to take care of. That we shall be glad to cooperate in doing. That has already been done to a certain extent, but not to the extent which I hope to see it done. That is the first time the word "immediate" occurs.

Then we come to a large number of paragraphs advocating one thing and another. The Senator from Idaho referred to the fact that there was mention of an "honest dollar." I do not find those words here. I find this:

We advocate a sound currency to be preserved at all hazards.

But after advocating one thing and another, paragraph after paragraph, we come toward the end of the platform, and then we find the word "immediate" again:

We demand that the Congress immediately propose a constitutional amendment to truly representative conventions in the States called solely on that proposal—

Namely, repeal of the eighteenth amendment. We have on the table a resolution calling for this repeal which we hope to call up before the end of the session, and we hope the Democrats will see fit to carry out that part of the platform recently adopted by their party by helping those of us who desire to secure immediate repeal to get that resolution up and have it considered.

Then occurs the word "immediate" for the third and last time in the Democratic platform, where it says:

Pending repeal, we favor immediate modification of the Volstead Act to legalize the manufacture and sale of beer and other beverages of such alcoholic content as is permissible under the Constitution and provide therefrom a proper and needed revenue.

When the Democratic convention adopted that plank with great enthusiasm, something called by the Senator from Virginia [Mr. GLASS] akin to frenzy, the sentiments of those voting it were reechoed throughout the United States by those who believe that one of the causes of the present depression is the eighteenth amendment and the Volstead Act, and that one of the ways whereby we can create employment and balance the Budget and improve the price of commodities is by repealing the eighteenth amendment as soon as possible and in the meantime modifying the Volstead Act in so far as it may be modified under the Constitution.

Mr. President, I had offered an amendment calling for 4 per cent rather than one-half of 1 per cent alcoholic content as provided in the national prohibition act. I gathered from statements made yesterday by representatives of the Democratic Party who attended the Chicago convention that they feel that 4 per cent would be possibly unconstitutional. One of the members of the convention in Chicago, the Senator from Maryland [Mr. TYDINGS], insisted that the reason why they had pending an amendment calling for 2.75 per cent beer instead of 4 per cent beer was because they wished to bring it within the constitutional limitations. This amendment, Senators will remember, was offered by the Senator from Massachusetts [Mr. WALSH], who was a member of the platform committee of the Democratic Party at Chicago, the Senator from Ohio [Mr. BULKLEY], and the Senator from Maryland [Mr. TYDINGS], all of them members of that convention. The Senator from Maryland [Mr. TYDINGS], speaking for them in reply to a question of the Senator from New Hampshire [Mr. MOSES], said, "We want to try to bring it within constitutional limitations." In other words, the Members of the Senate of the Democratic Party who were in the convention which adopted this plank

calling for immediate modification believe that by a 2.75 per cent provision the matter can be brought within constitutional limitations.

Very well, Mr. President. My object in bringing the matter up at this time is to endeavor to secure a change in the economic situation, to endeavor to promote employment, to endeavor to provide additional revenue for the Government. I had thought when the Democratic convention with such a blare of trumpets came out for immediate modification of the Volstead Act and in favor of beer, it did not mean "nearer beer," as the Senator from Arizona [Mr. ASHURST] referred to it, or 2.75 per cent beer; but it meant real beer of the kind formerly produced and at present produced in Germany, where Pilsner has a percentage of 3.2 by weight, or the beer formerly produced in St. Louis by the breweries of the Anheuser-Busch Co., which was 4 per cent by volume and 3.2 per cent by weight. But apparently the Democratic convention, or those who fixed the platform, were only interested in "nearer beer," something better than one-half of 1 per cent, and something that still could be had under the Constitution. Therefore, in order to secure their support for a carefully considered movement to secure the immediate modification of the Volstead Act, I changed my proposal to 3.45 per cent by volume. The reason why I did not change it to 2.75 per cent by weight, of which it is the equivalent, was that in the Volstead Act itself, wherever the percentage of alcohol occurs, it is by volume. The Volstead Act provides that the penalties of the law shall apply to any beverage containing one-half of 1 per cent of alcohol by volume; anything containing one-half of 1 per cent by volume, such as buttermilk or old-fashioned ginger ale or old-fashioned ginger beer, or any such harmless drinks which contain one-half of 1 per cent of alcohol, and sometimes a little more. So I have made my amendment conform to the requirement of the Volstead Act by using the word "volume" rather than the word "weight."

May I say to Senators who are willing to vote for the legalization of beer with an alcoholic content of 2.75 per cent by weight, which, according to the statement of the Senator from Maryland [Mr. TYDINGS] brings it within constitutional limitations, that the amendment which I have offered legalizing beer with an alcoholic content of 3.45 per cent by volume is exactly within the same constitutional limitations, for 3.45 per cent by volume is equivalent to 2.75 per cent by weight?

I changed my amendment because it was stated on the other side of the aisle that it was felt that a percentage of 2.75 by weight or 3.45 by volume was within the Constitution, and that many Senators could not vote for anything they thought unconstitutional. I also changed it because of the receipt of a telegram from Matthew Woll, vice president of the American Federation of Labor and president of Labor's National Committee for Modification of the Volstead Act, which I received late yesterday afternoon, and in which he says:

On behalf of Labor's National Committee for Modification of the Volstead Act, we sincerely hope that all Members of the Senate and House who recognize need for immediate change in present conditions will join in supporting the bills modifying present Volstead Act. We sincerely hope forces favoring modification of Volstead Act will not become divided to the point of permitting defeat because of difference as to alcoholic content. We trust you will leave no stone unturned to secure immediate modification of Volstead Act, especially in view of both political party's conventions having expressed dissatisfaction with present prohibition situation.

In accordance with that request, Mr. President, in order that there might be no doubt in anyone's mind as to the constitutionality of the proposal, in view of the plank in the Democratic platform declaring that the Democratic Party is for immediate repeal of the Volstead Act, and in order to secure the manufacture and sale of beer—and that means beer by weight of alcohol of 2.75 per cent or 3.45 per cent by volume—I have changed the amendment in the hope that I might secure Democratic support. There has always hitherto been more support on this side of the aisle for my beer proposal than on the other side of the aisle, and I hoped I might secure their support. But now see what has hap-

pened. The leader of the Democratic Party on the other side of the aisle announces that he is about to move to refer this amendment to the Judiciary Committee.

Notwithstanding the fact that the bill from which the amendment was taken was sent to the Committee on Manufactures last December; notwithstanding the fact that that committee held prolonged hearings upon it, which are published in the volume which I hold in my hand embracing nearly 600 pages; notwithstanding that both wets and dries were heard at length on this matter; notwithstanding the fact that the Committee on Manufactures gave close and careful consideration to it over a period of several months, and that the subcommittee having this matter in charge recommended its adoption, though, to be sure, the full committee by a vote, if my recollection serves me aright, of 6 to 4 voted against it; and notwithstanding the fact that it has been on the calendar for the last two months with a majority report against it and a minority report for it—notwithstanding all these facts, the Senator from Arkansas proposes, if he can not cloud the issue in some other way by securing the adoption of some other amendment not related to it in the slightest degree, to send it to the Judiciary Committee, a committee, forsooth, that has shown its inability to handle matters of this kind by keeping safely pigeonholed in the committee since the first of last December a considerable number of bills proposing to modify the Volstead Act and to repeal the eighteenth amendment. Of course, there is only one object in any such motion, and that is that there may be no immediate consideration of this proposal. It is quite evident that there is no desire on the part of the Democratic Party as represented here to secure the immediate modification of the Volstead Act, notwithstanding the fact that the word "immediate" which occurs in their platform only three times, appears twice in connection with this subject.

Mr. President, I wish the Senator from Idaho would withdraw his substitute amendment and permit us to vote straight and to come clean on this issue. I realize that not many weeks ago I pleaded with another body "to come clean" on this issue and was voted down in my effort to have it "come clean" on this one issue and to give the people a chance to vote on it. I pleaded with the Senator from Idaho not to refuse me this privilege, as it was refused me in the Republican convention at Chicago, but to permit us to vote on this question.

When the Senator from North Dakota [Mr. FRAZIER] introduced an amendment regarding farm relief at the time when I expected to offer this amendment, I did not endeavor to cloud the issue which he presented; I did not offer my amendment as a substitute for his. I might have done so, and had I done so, then no further amendment to it would have been in order, as then it would have been an amendment in the third degree; but I permitted him to have a vote on his amendment as a clean issue, and the vote was so taken. So I ask the Senator from Idaho if he will not withhold his amendment and permit us to vote on it after we have settled the question as to whether or not the Volstead Act shall be immediately modified?

Mr. BORAH. Mr. President, it is as long as it is short; if the Senate does not want to adopt my amendment, it can vote it down.

Mr. BINGHAM. It can do that perfectly well if the Senator will offer it as a separate amendment just as the Senator from North Dakota offered his.

Mr. BORAH. I think I will adhere to my course.

Mr. BINGHAM. The Senator has shown himself an able aid to those Members of the Democratic Party on the other side of the aisle who are known as "drys" and who desire nothing to be done at the present time in the way of a vote on this amendment. That is quite obvious.

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. WALCOTT in the chair). Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. BINGHAM. I yield.



Mr. REED. Assuming the effort of the Senator from Idaho to be successful and his substitute to be accepted by the Senate, what is there to prevent the Senator from Connecticut from again offering his proposal as an amendment to the bill which is the unfinished business?

Mr. BINGHAM. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it.

Mr. BINGHAM. Am I correct in understanding that if the amendment offered by the Senator from Idaho as a substitute for my amendment should be adopted by the Senate, a subsequent offering of the same amendment as the one I offered this morning would be out of order?

The PRESIDING OFFICER. The Chair thinks that it would be out of order.

Mr. BINGHAM. That answers the question of the Senator from Pennsylvania.

Mr. GLASS. Mr. President, if I may make the inquiry, what is to prevent the Senator from Connecticut from offering his proposition to the Senate as an independent proposition and not as an amendment to any bill?

Mr. BINGHAM. I stated yesterday in answer to a similar question that I would be delighted to do so if the Senator from Virginia or anyone else could assure me that there would then be a vote in the House of Representatives upon it and that it would go to the President and become a law; but the leaders of the House of Representatives have stated in the public press that if one of the beer bills before the Senate in amended form should go to the House, it would be sent to a committee and there would be no vote upon it at this session, and there would be no immediate modification.

Mr. GLASS. The Senator knows perfectly well that no Senator here can give him any assurance as to what the other House will do.

Mr. BINGHAM. But the leaders of the House have stated that there was no chance of a vote upon it.

Mr. GLASS. The Senator did present his proposition on one occasion and did not get any more help on his side of the aisle than he got on this side. Why does he want to make a petty political question of it? Why not consider it upon its merits?

Mr. BINGHAM. I should like to consider it upon its merits.

Mr. GLASS. The Senator is now, instead of in November, running for the Senate from Connecticut here on the floor.

Mr. BINGHAM. I should like to consider it on its merits and not on the merits of the bill offered by the distinguished Senator from Virginia, which has been on the calendar for a long time. What I object to is having that bill offered as a substitute for my amendment. I have not offered my amendment as a substitute for the home loan bank bill or as a substitute for anything offered by the Senator from Virginia, but as an amendment on which we may vote to the bill itself. I know the Senator from Virginia will vote against it; he has said so, and so will many other Senators, but why not let us have a vote on that proposition, instead of clouding the issue by bringing up the bill of the Senator from Virginia as a substitute for it when it has nothing whatever to do with it?

Mr. GLASS. The bill of the Senator from Connecticut has nothing whatever to do with the home loan bank bill now before the Senate—not a thing on earth. It has not one semblance of germaneness while my bill has.

Mr. BINGHAM. Ah, Mr. President, the bill offered by the Senator from Virginia has no semblance of germaneness to the amendment for which it is offered as a substitute. That is the complaint I am making. It has not the slightest semblance of germaneness, but the trouble is that the members of the Democratic Party on the other side of the aisle do not wish to vote at this time on the modification of the Volstead Act. They do not even want to take the chance of voting to send it to the committee for fear that such action will be interpreted as dodging the issue and not allowing the question to come up, although the measure was considered by a committee of the Senate for months and has been on the calendar for the last two months, and,

consequently, they think they are going to fool the country by going to them on a platform calling for the immediate modification of the Volstead Act and the legalization of beer and getting the votes of the wet States that want beer.

Notwithstanding all the disparaging remarks which have been made about it by the Senator from Arkansas and the Senator from Idaho, it is a subject in which many people are deeply and seriously interested and which they profoundly believe in as the one thing that will to-day change the economic situation in this country. Yet the Democrats want to go before the country on a platform favoring the immediate modification of the Volstead Act to provide for the manufacture and sale of beer, but will not take the opportunity they now have to vote for its immediate modification.

Mr. GLASS. The modification of it within constitutional limit; but the Senator from Connecticut was not even able to convince the committee dealing with the question that his proposition was within constitutional limitations. The Senator does not know any more about what is a constitutional limitation than I do, and I know absolutely nothing about it. [Laughter.]

Mr. BINGHAM. I entirely agree with the Senator as to the latter part of his statement. I have suggested the particular proportion of alcohol provided in the amendment on the basis of the action of the distinguished Senator from Maryland, who, with the Senator from Massachusetts and the Senator from Ohio, had offered a proposal which they said they believed to be within constitutional limitations. So I am not standing alone in this matter.

Mr. GLASS. No; but almost alone. [Laughter.]

Mr. BINGHAM. Well, Mr. President, if that be true then the country had better know it, and the quickest way for the country to know it is to have them realize that the Democratic Party, having adopted as one of its planks the immediate modification of the Volstead Act, will smother that proposition with another proposition offered by the Senator from Virginia which has nothing whatsoever to do with it.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. BINGHAM. I yield.

Mr. LEWIS. May I suggest to the eminent Senator from Connecticut that there is a consideration which I fear has been overlooked and I interrogate him upon this idea. He has constantly alluded to the platform, referring to the platform of the Democratic Party, although the platform of his party has spoken on the same subject. Is it his conclusion that the object he seeks to reach is to be predicated upon the matter of platform declarations? If so, I remind the able Senator that the platform of a party does not have any declaration of any authority until that party has gone to the people to whom it has made the declaration and received from the people the approval of the theory promulgated. Then, if the people indorse that theory, they license at the election their Senators and Congressmen immediately to put it into effect; but before such license is given and before the approval of the platform declaration upon which they go to the people for election there are no commissions granted for action, but it is a question for determination by each Senator individually in accordance with his own personal convictions.

Mr. BINGHAM. In other words, a political platform is something like the platform of a railroad coach—something to get in on but not to ride on. [Laughter.]

Mr. LEWIS. I would advise the Senator that the statute of antiquity has run against that ancient epigram.

Mr. BINGHAM. As long as we can know just where we stand, we can know how to go forward.

I have found, in the votes that have been taken, that there were more Members of the Senate on this side of the aisle than on the other who were willing to take a forward step in the direction in which I am interested. I had supposed that with the adoption of the Democratic platform we might get a very great measure of assistance from the other side of the aisle; but it is quite obvious that that is a

hope that will not bear fruition, particularly in view of this amazing spectacle of dodging the issue by beclouding it with a bill that has been on the calendar for months, favored by the Senator from Virginia [Mr. GLASS], which has nothing whatever to do with the amendment to which it is offered as a specious form of substitute.

Mr. President, it has been maintained that there is something very wicked about beer and "red liquor," as the Senator from Idaho [Mr. BORAH] so tastefully refers to it. "Red liquor" and beer are something with which we must not have anything to do. That was the position taken when the eighteenth amendment was adopted. It was adopted in the hope that as an experiment, similar to other experiments in which this country had indulged for more than a century in an effort to stamp out intoxication and intemperance, it might succeed. I am proud to say that the State from which I come—and the little State next to it—regarding the eighteenth amendment as an infringement on State rights, refused to indorse that amendment, refused to ratify it; and it is still their proud record that they were not swept away at that time by any specious reasons leading anyone to believe that the adoption of the eighteenth amendment would promote temperance; and their belief has been carried out.

Now we have the spectacle of both great political parties admitting that the eighteenth amendment has been a mistake, and that it should be amended or repealed, and that promptly. We have the spectacle of the great mass of people in this country believing that the eighteenth amendment has been the cause not only of economic depression, not only of a deficit to the Government, but also of much social unrest and of great increase in drunkenness on the part of young people.

It is indeed a sad thing to look at the records of our courts connected with drunkenness during the past few years and to see how during the past 10 years arrests for intoxication have steadily increased, notwithstanding the steadily increasing number of those who were hired to put the Volstead Act into effect. We find not only that the total number of arrests for intoxication is greater to-day than it was before prohibition went into effect but that the number of young people arrested is enormously greater.

Last year, in the city of Cleveland, a municipal judge told the committee, in the hearings which I hold in my hand, that there were 32,000 arrests for intoxication, and he said the average age of those 32,000 persons was 25 years, and no one below 18 was arrested and brought into that court. So that 16,000 of those persons arrested for intoxication were between the ages of 18 and 25. In other words, not one of those young people was more than 10 or 12 years old when the Volstead Act was passed and when the eighteenth amendment was adopted, that were going to keep young people from ever knowing the taste of alcohol!

What a commentary it is on the frailties of human nature and on the unwisdom of legislative bodies that they adopted an amendment in the hope that it would keep young people from knowing the taste of alcohol and, as a result, more young people are arrested for intoxication to-day than ever before in the history of this Nation!

Mr. President, there has been a tendency on this floor to make fun of beer, to hold it up to ridicule, to assume that all that anyone could be interested in, in offering an amendment which would legalize the manufacture and sale of beer, was securing a pleasant hour, or something to drink, or getting "red liquor." Mr. President, that is an assertion which those of us who are devoting our time and attention to endeavoring to correct this situation resent. That is a statement which shows how little those who put it forward appreciate the actual situation.

Let me read a resolution adopted unanimously by the board of supervisors of the city of San Francisco. On March 21, 1932, they adopted the following resolution:

Resolution 113

Whereas there appeared in the San Francisco Examiner, Sunday, March 20, 1932 (Universal Service from Washington, D. C.), an article stating that the majority of subcommittee of the Committee on Manufactures had reported favorably the bill introduced by

Senator HIRAM BINGHAM, of Connecticut, which would restore the manufacture of 4 per cent beer, under Federal restrictions, to be sold in cases of pint bottles under regulations prescribed by the Attorney General and the Secretary of the Treasury; and

Whereas the five main advantages are:

1. It will promote temperance, strengthen the law, decrease crime, and generally contribute to the public welfare.
2. It will give employment to between 500,000 and 1,000,000 persons within a reasonably short time.
3. It materially will assist agriculture by providing a rich market for the products of the farm.
4. It will give the Government an annual income of between \$347,000,000 and \$800,000,000, based on a tax of 2 cents for each pint bottle, and between \$650,000,000 and \$1,100,000,000 with a 4-cent tax.
5. It will drive many speakeasies, which breed contempt for law, out of existence by curbing the Nation's appetite for poisonous, habit-forming hard liquors; and

Whereas the taxpayers of San Francisco, represented by the board of supervisors, would be greatly benefited by relief of tax burden for the maintenance of the Federal Government; and

Whereas the restoration of nonintoxicant 4 per cent beer would provide immediate employment for great numbers of men and women in various industries and bring much-needed revenues into homes of people now unemployed: Therefore be it

*Resolved, by the Board of Supervisors of San Francisco, That the Congress of the United States be respectfully and urgently requested to approve the passage of the Bingham, or a similar, bill, and the Senators from California and the Representatives in Congress from San Francisco be requested to do everything possible for the passage of this legislation; further*

*Resolved, That the San Francisco Examiner and its allied newspapers be commended for its educational efforts to bring about the modification of the stringent and nonenforceable Volstead Act so far as it prohibits the manufacture of nonintoxicant beer.*

*Adopted by the board of supervisors, March 21, 1932.*

*Ayes: Supervisors Breyer, Brown, Canepa, Colman, Gallagher, Havenner, Hayden, McSheehy, Miles, Peyser, Power, Roncovieri, Shannon, Spaulding—14.*

*Absent: Supervisor Stanton—1.*

*I hereby certify that the foregoing resolution was adopted by the board of supervisors of the city and county of San Francisco.*  
J. S. DUNNIGAN, Clerk.

Mr. President, that resolution calls vividly to mind the reason why this is an important matter. This is not merely a matter of satisfying the pleasant desires of those who put on the backs of their cars the cheering sign or the thirsty sign, "We want beer." It is not merely with the idea of satisfying those who are thirsty. It is with the serious belief; the most profound belief, that by modifying the Volstead Act at the present time up to the limit of our constitutional power to modify it—and I have already called attention to the fact that the Senators on the other side of the aisle have agreed that the Democratic convention believed that 2.75 per cent beer by weight, or 3.45 beer by volume, was entirely within the Constitution—it is with the belief that modifying the Volstead Act within the Constitution may bring about a return of industrial prosperity, may start the ball rolling in the right direction, may cause us to turn the corner as nothing else that has been suggested will do.

The bill now before us, the home loan bank bill, proposes to promote prosperity how? By loaning people money with which to buy homes and saddling upon them the burdens of debt; but it provides in no way for giving them the means to pay for the homes when they are borrowing the money with which to buy them.

It is said that this amendment of mine is not germane to the present bill. Mr. President, is it not germane to provide money to give people a chance to buy homes—not to borrow the money, but to earn the money?

In the first place it will give a market for their grain to 100,000 farmers who at present can find no market for their grain. They now raise an average of 1,000 bushels in the course of a year, and this will provide a market for 100,000,000 bushels of grain. Those 100,000 farmers, if they found a market for their grain, would be buying many things from the industrial States of the Union, and food products from the agricultural States if they needed to buy them. That would put money in circulation. That would promote industry. That would bring happiness to thousands of homes and the means of livelihood to tens of thousands of people.

Another thing: It will immediately put to work a large number of brewery workers. For example, I have in my



hand an article taken from the New York World-Telegram of Wednesday, April 20, by George Daws, World-Telegram staff writer, which is headed:

RUPPERT READY TO HIRE 600 IN BREWERY AND SPEND \$5,000,000 IF BEER RETURNS

"When Congress tells me I can make and sell good old-fashioned 4 per cent beer, I'll immediately hang out a sign, 'Wanted—600 to 1,000 men for permanent jobs,'" Jacob Ruppert, master brewman, said to-day.

"I'll buy 150 trucks and much other equipment. I'll start right away spending \$5,000,000 for improvements—and that means thousands more jobs."

The very item of 150 trucks means putting hundreds of men to work making those trucks, furnishing a market for more trucks. The spending of \$5,000,000 means what? It means the employment of carpenters, masons, bricklayers, tinsmiths, all kinds of artisans, in renewing the breweries all over this country. In New York City alone, in this one case, there is an offer to spend \$5,000,000 for that purpose. If it were possible to modify the Volstead Act, breweries now closed all over this country would be reopened. Carpenters, masons, bricklayers, painters, artisans of every description could find jobs in renewing those breweries and putting their machinery into operation again. That will give money to them with which to help pay for their homes. All that this bill undertakes to do is to loan them the money; but it does not say where they are going to find any means of paying the interest on it, or of paying the principal. This amendment, however, gives them the means of earning some money.

In addition to the tens of thousands of men, perhaps hundreds of thousands, who would be employed in repairing and bringing back into condition the breweries, there are tens of thousands of brewery workers who would be gathered together and who would get jobs in this particular.

Mr. President, may I remind you that when the eighteenth amendment was adopted, the worthy temperance people in this country, the National Prohibition Committee, advertised in many papers that that measure was not simply a temperance measure; in fact, those were the very words used in the newspaper advertisements, that it was a war-time measure. It was to help win the war. It was because 300,000 men would be released from their jobs in connection with the manufacture of these beverages to go to work and help win the war, to go into the Army, and manufacture things needed in the war. If that was true at that time, if it was true that 300,000 men lost their jobs then, and had to find some other work to do, will it not be true to-day that if we reverse the process, 300,000 men can find those jobs again? Thus unemployment would be directly relieved to the extent of 300,000, and indirectly all through the industries connected with it. The bottle-making industry will require hundreds if not thousands of additional operatives, as will the stopper-manufacturing industry, the label-making industry, the printing industry, advertising in the newspapers, and all that will give employment to thousands of men. Is not that worth while? Will not that help us turn the corner of this depression? Has anyone in Congress suggested since the first of December last any measure that would put to work permanently more men, that would furnish a market for more grain, that would furnish a market for more coal, than this measure which we have offered here to-day, and which is scornfully turned aside by the Democratic Party, which evidently intends to hide behind the resolution offered by the Senator from Idaho, which has nothing to do with it, a resolution which is clearly not germane to this at all?

It is claimed that my amendment is not germane to the bill in hand. I have shown that it would help build homes. But the resolution offered by the Senator from Idaho in lieu of this amendment is not germane to it at all. It is merely offered in the hope that his motion may prevail, and that those timid souls who dare not follow their platform in this regard, and dare not show that they will not follow it, may, in sooth, vote for something else, and not be obliged to vote directly on the question before us.

My plea to the Senator from Idaho that he would permit a vote to come on this amendment first, and then give the Senate a chance to vote for his amendment, fell on deaf ears, naturally. The Senator from Idaho is not interested in repealing the eighteenth amendment or modifying the Volstead Act. He has stated on this floor that he would not even go as far as the plank in the Republican platform goes in that regard. Furthermore, he is not interested even in studying these matters. When placed on a subcommittee of the Committee of the Judiciary, charged with the duty of studying various measures offered to modify the Volstead Act and repeal the eighteenth amendment, which were referred to that subcommittee, did he give any time to the meetings of the subcommittee? Not so far as I have been able to discover. He was not present at any of the hearings they held, as far as I have been able to find, and when the chairman of that subcommittee called a meeting of the subcommittee to vote on these matters, to make a report to the full committee, called a meeting definitely for that purpose, who was present at that meeting? There was present the chairman, the Senator from Wisconsin [Mr. BLAINE], noted as a wet. There was present the Senator from Rhode Island [Mr. HEBERT], also classed as a wet. The three dries were absent. They did not care to vote on any of these matters. They did not regard it as an important matter at all to report to the full committee their findings in regard to the modification of the Volstead Act or the repeal of the eighteenth amendment.

No wonder, then, that one of the most distinguished members of that subcommittee now comes before us with a cloud of another sort to cover any action in regard to the proposed modification of the Volstead Act, when he himself did not take the trouble to go to the committee meeting; when his presence might have thereby caused a quorum to report to the full committee something in the nature of relief against the eighteenth amendment or the modification of the Volstead Act.

Mr. President, I hold in my hand a very interesting letter from the State of Florida, dated in the senate chamber, Tallahassee, signed by William C. Hodges, senator from the eighth district of Florida. He has given me permission to read and to have reprinted this part of his letter:

I have been following with considerable interest your activities in favor of the modification of the present prohibition laws, and, while I neither indulge in the use of intoxicating liquors or in any way subscribe to the return of the open saloon, I feel the necessity of a reasonable modification of the existing prohibition laws:

1. That revenue may be produced.
2. That the expense incident to an unpopular and unenforceable law may be done away with.
3. That the opportunity for new employment may come.
4. That the sale of products may be increased which would go into the manufacture of liquors.
5. More than all, that the people may not be taught to disregard all laws because there is one law which they will not regard.

The idea seems prevalent that the people of the South, regardless of anything, will support the existing prohibition laws; I do not believe this to be true if the matter is properly placed before the people of the South.

The letter is dated February 23, 1932.

Mr. President, that letter was prophetic, because several months later many delegates to the Democratic National Convention from Southern States, including the delegates from Florida, voted for a plank favoring immediate repeal of the eighteenth amendment and the immediate modification of the Volstead Act. I can not help wondering, Mr. President, when they did that, when their action was received with so much applause, except by the Senator from Virginia [Mr. GLASS] and others who think as he does—I can not help wondering whether those who applauded and those who passed that plank suppose for a minute that the word "immediate" did not mean now, but meant at some distant time in the future, when a convenient day might arrive when we might consider this matter without being faced with an election in the near future.

Mr. President, there is another aspect of this question which makes it one of great seriousness, and not of levity,

or any effort merely to give people that pleasure which they are supposed to derive from drinking beer or "red liquor." It is the question of revenue.

Great Britain has succeeded in balancing her budget. A very large percentage of the revenue with which she does it is derived from regulating and taxing the manufacture and sale of alcoholic beverages.

On our statute books to-day there is a law providing for a tax on beer of \$6 a barrel. From the amendment which I have offered, and which the Senator from Idaho is not willing for us to get a direct vote on, there could be derived an income, it is believed, of about \$350,000,000 to \$375,000,000. That revenue we need. That revenue would help to relieve taxation.

In that connection, may I read another editorial from yesterday's Washington Daily News, which is very pertinent in this regard? It reads as follows:

WHILE YOU PAY AND PAY AND PAY

You, dear reader, have started paying 3 cents for a postage stamp. You are paying a tax on your tooth paste. You are feeling the pinch of the new nuisance taxes. And as the months pass these taxes will become no easier through frequent paying; they never do.

Every time you mail a letter, buy a tube of tooth paste, a box of candy, matches, lubricating oil, gasoline, or any one of a long list of things, these new taxes will become just that much more burdensome. Your patriotic desire to help balance the Budget will not eliminate the annoyance of these nuisances.

Taxes, of course, must be levied and collected. The Government could not operate otherwise. Yet there are easier, pleasanter taxes, and the way is mapped out to levy and collect them.

The Democratic convention by overwhelming vote declared for the repeal of the eighteenth amendment and for immediate modification of the Volstead Act to legalize and tax beer.

The Republicans declared for doing something or other about prohibition and by November will be claiming, undoubtedly, that they are as keen about repeal as the Democrats.

Yet neither Republican nor Democratic Congressmen will be sincere or convincing then if they fail to vote to modify the Volstead Act now.

Congress can raise as much as \$375,000,000 in Federal revenue through a tax on beer. That sum exceeds all that will be raised by the petty nuisance taxes.

Think of this as you enjoy the luxury of licking a 3-cent stamp. Keep it in mind when the congressional campaign gets under way. And don't forget it when you enter the polling booth in November.

Mr. President, the question of revenue is of vital importance. The question of providing more revenue easily and immediately is of such vital importance that any one who can claim that this amendment is of trifling importance simply does not know what he is talking about, simply shows that he has not studied it, has not studied the question, has not consulted with the revenue authorities of the Government. The Commissioner of Internal Revenue testified before our committee that there would be no difficulty whatever in collecting this tax, and collecting it immediately, as soon as the manufacture and sale of beer were made legal.

I shall not take up much more time. I realize that the cards are stacked against me. I now realize painfully that the hopes I had, when I heard from Chicago that the Democratic Party had gone on record favoring the immediate modification of the Volstead Act so as to permit the manufacture of beer and its subsequent economic, fiscal, and social advantages, were unfounded. I had thought that at last we might have a large addition to the number of those who believed in this subject. As I have stated previously, the number on this side of the aisle has been formerly considerably larger than that on the other side of the aisle. I was unable to get the Republican Party to adopt a plank in the platform, which I desired in this regard, and must therefore put myself along with the Senator from Virginia in the attitude of not standing on that particular plank of my party. As he is unwilling to stand on the plank of his party in regard to the eighteenth amendment, so I am unwilling to stand on the plank of my party. But I did hope that most of the Senators on the other side of the aisle would stand by their party's declaration for immediate modification. I had no idea that they would resort to such a subterfuge, such a dodge, as this.

If they think the American people are going to be fooled by this action, then their opinion of the voters they are

counting upon to bring them back into power next November is not as high as mine. I do not think anybody is going to be fooled by this. They are not even willing to go on record as sending it back to the committee. They are unwilling to have anything to do with it, so that anyone can say, "You voted indirectly against this, by sending it back to the committee, when it had been considered in committee for months." For nearly half a year it has been before us.

No, Mr. President; they have cooked up an extremely clever scheme, but it fools nobody; it will fool nobody at the polls. When the Democratic platform says "immediately" it means some time in the future; it does not mean now.

Mr. REED obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. REED. I yield.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WALCOTT in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Reed
Austin	Dale	Johnson	Robinson, Ark.
Bailey	Davis	Jones	Robinson, Ind.
Barbour	Dickinson	Kean	Schall
Bingham	Dill	Kendrick	Sheppard
Black	Fess	Keyes	Shipstead
Blaine	Fletcher	King	Shortridge
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiner
Brookhart	Glass	Long	Stephens
Broussard	Glenn	McGill	Thomas, Idaho
Bulkeley	Goldsborough	McKellar	Townsend
Bulow	Gore	McNary	Trammell
Byrnes	Hale	Metcalf	Tydings
Capper	Harrison	Morrison	Vandenberg
Caraway	Hastings	Moses	Wagner
Cohen	Hatfield	Norbeck	Walcott
Connally	Hawes	Norris	Walsh, Mass.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Patterson	White
Costigan	Howell	Pittman	

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

Mr. GEORGE. Mr. President, I desire to enter a motion to reconsider the vote by which the amendment was adopted as offered by the junior Senator from Connecticut [Mr. WALCOTT], who is now presiding, to strike out section 25 of the pending home loan bank bill and substitute new language therefor.

The PRESIDING OFFICER. The motion to reconsider will be entered.

Mr. REED. Mr. President, the parliamentary situation into which we have now maneuvered ourselves is unfortunate. As is known by those Senators who have been here through to-day's session, the pending question was an amendment offered by the senior Senator from Connecticut [Mr. BINGHAM] to permit the sale of 4 per cent beer. Then to that has been offered as a substitute an amendment dealing with the circulating notes of national banks offered by the Senator from Idaho [Mr. BORAH]. So that, as we can readily see, the amendment of the Senator from Idaho will be voted on not only according to its own merits but will also in all likelihood be voted for by those Senators who want to put an end to the 4 per cent beer proposal. We have in this way inextricably mixed the questions of beer and currency expansion so that the coming vote will necessarily be misleading.

I hope, therefore, that when we come to the vote upon the amendment as amended we will get the true sentiment of the Senate upon the currency-inflation proposal, assuming, of course, that the substitute is adopted, and one would rather naturally expect it to be adopted, because of the fact that it will have the support of those who oppose the beer bill and all those who would like to see the currency expanded. However, on the second vote on the adoption of the amendment as amended I trust we will get the reflection of the real sentiment of the Senate upon the currency proposal. It is to that question that I propose to speak with as much brevity as I am capable of. I think we ought to understand exactly what is proposed to be done to the currency by the amendment offered by the Senator from



Idaho. In order to understand that proposal, we must understand the present condition of the issuance of circulating notes by national banking associations.

The present law is that national banking associations, upon depositing with the Treasurer of the United States bonds of any one of three issues, may issue circulating notes against those bonds up to the amount of the paid-in capital of the issuing bank; that is to say, any national banking association may deposit with the Treasurer of the United States bonds of the issue known as the consols of 1930, or bonds of the Panama Canal loan of 1916-1936, or bonds of the Panama Canal loan of 1918-1933. Those three bonds are known as bonds which carry the circulation privilege. The total amount of them is approximately \$674,000,000. National banks have bought those bonds and have deposited them with the Treasurer of the United States up to the amount of \$670,000,000; that is to say, all of the bonds of those three issues except about \$4,000,000 worth have been bought by national banks, have been deposited with the Treasurer of the United States, and have been used or may be used as the basis for the issuance of circulating notes of the national banks.

Now, against that \$670,000,000 of bonds there are now outstanding circulating notes of the national banks amounting to \$627,000,000. Therefore, there remains \$43,000,000 of national bank circulation which can be issued against these deposited bonds, but which in fact is not issued. The circulation of \$627,000,000 is \$43,000,000 less than the permissible issuance against these deposited bonds.

The limitation upon each bank to the amount of its stock is imposed by an act originally passed March 14, 1900, and subsequently reenacted October 5, 1917, which contains this proviso:

*And provided further, That the total amount of such notes issued to any such association—*

*That is, by the Bureau of Engraving and Printing—*

*may equal at any time, but shall not exceed, the amount at such time of its capital stock actually paid in.*

It is important, Mr. President, in considering the pending proposal that we remember the language of that proviso, which has been the law since 1900, because instead of the amount of the currency issued by the national banks being limited by the amount of bonds that are available, it will be limited, if the proposal is adopted, not by the bonds, but by the paid-in capital of the national banks of the country.

At present the paid-in capital very much exceeds the aggregate of bonds that have the circulation privilege; consequently it is the latter factor that operates as the limiting factor of the national-bank notes issued. If the pending proposal is adopted, the amount of bonds eligible for the circulation privilege will very greatly exceed the paid-in capital, so that then it will be this clause in the old law of 1900 which will be the limiting factor, and the amount of circulation would be limited by the total paid-in capital of the national banks.

Now, what is the present proposal? It is to give the circulation privilege to all of the Liberty bonds of the United States, and it is further to give that privilege to all of the Treasury bonds of the United States. It would not give the privilege to United States certificates of indebtedness or Treasury bills or Treasury notes, but it would give it to all of the Liberties and to all of the Treasury bonds. On the last day of last month they aggregated approximately \$13,460,000,000, consisting of \$535,000,000 of 4½ first Liberties, a very large amount of 3½ per cent of first Liberties, \$6,268,000,000 of fourth Liberties bearing 4¼ per cent interest, and \$758,000,000 of Treasury 4¼'s. I mention the high-interest bonds and ignore the lower-interest bonds, some of them bearing as low as 3 per cent, because obviously a national bank will buy bonds of the highest interest yield and issue its currency against them. So we see immediately that there is something over \$8,000,000,000 or \$9,000,000,000 of 4¼ per cent bonds that would be given the circulation privilege by the amendment.

At the present time the national banks of the United States have an aggregate capital of \$1,621,000,000, so it will

be seen that the immediate result of the amendment would be to authorize an increase in the circulation from the present \$627,000,000 to \$1,621,000,000, or a net increase of \$994,000,000 in the circulating medium of the country.

In addition to that, so great are the advantages afforded by the Treasury to issuing banks that it is unquestionable that a great many State banks would be converted into national banking associations; it is unquestionable that new national banks would be organized in considerable numbers. I do not think, therefore, that the increase of \$994,000,000 which I have mentioned would by any means be the limit of the amount of new circulation that would result from this proposal.

Let us test that by viewing the proposition from the standpoint of any bank. The officers of a bank know that by buying 4¼ per cent bonds—and such bonds at the present market can be had at a very slight premium over their face value—and issuing circulation against them, the bank is practically borrowing money at no interest whatever and obtaining an investment that will yield 4¼ per cent; that is to say, on an expenditure of nothing the bank secures a 4¼ per cent investment equal to the total of its paid-in capital. No bank can resist that temptation; every bank will issue circulation up to the maximum amount that is permitted to it. The temptation will be so great that it is only reasonable to expect that every bank that can do so will take advantage of it. I do not object to helping the banks.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I yield to the Senator.

Mr. ROBINSON of Arkansas. If every bank that could do so were to take advantage of it, how much would the circulation be increased?

Mr. REED. If all the existing national banks were to take advantage of the privilege, the circulation would be increased \$994,000,000.

Mr. ROBINSON of Arkansas. Yes.

Mr. REED. How much it would be increased because of the organization of new banks or the transfer from State charters to national charters may only be guessed.

Mr. ROBINSON of Arkansas. I do not think the Senator need be alarmed about that. Even if there should be a quickening in the increase of the number of national-bank charters, it would not be of very great consequence in connection with the total increase in circulation.

Mr. REED. Frankly I do not know, but I merely mentioned it because I did not want the Senate to think that the \$994,000,000 which I have mentioned was the absolute limit.

Mr. ROBINSON of Arkansas. The Senator has not any fear if the circulation should be increased in this very sound way by a billion dollars that it would work any detriment to the country, has he?

Mr. REED. Yes; I think there are certain unfavorable factors in it, and I am going to point them out. Furthermore, I do not think it would do the slightest good. I think I have presented the situation, Mr. President, in showing—

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield further?

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. I recall that a few days ago the Senator from Pennsylvania when a request was made for the consideration of this bill objected on the ground that the bill, if enacted, would increase the circulation by \$14,000,000,000. Then I pointed out to him that the maximum increase possible under present conditions would be about a billion dollars, but the Senator insisted that the increase would amount to \$14,000,000,000.

Mr. REED. It would give the circulation privilege, as I have tried to explain, to bonds having an aggregate face value of \$13,460,000,000.

Mr. ROBINSON of Arkansas. Yes; but that is not the controlling factor. As the Senator will understand, the controlling factor is the aggregate capitalization of the national banking associations.

Mr. REED. Exactly; and I have just been pointing out that there will be organized many additional banking associations. I do not know, nor does the Senator from Arkansas, how many, but by however so much capital as those new national banks may have just by so much may we expect the circulation to be increased.

Mr. ROBINSON of Arkansas. Practically no charters are being granted now.

Mr. REED. Of course not, because this bill has not been passed, but its passage will very greatly stimulate the organization of national banks.

Mr. ROBINSON of Arkansas. Then does the Senator think, in view of the fact that there is no functioning now of the banks, either State or national, it would be helpful to have chartered a few new banks with new capital?

Mr. REED. Yes; a few, certainly, if there is any need for them.

Mr. ROBINSON of Arkansas. Then the conclusion is that if the passage of this bill should result in the creation of new banks it would be advantageous to the public?

Mr. REED. To a certain extent, if there should be a need for new banks.

Mr. COPELAND. Mr. President, I wish to ask the Senator from Pennsylvania a question.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. Yes.

Mr. COPELAND. Why would the banks be likely to take advantage of this privilege any more than they now do in view of the open-market transactions of the Federal Reserve Board, in which they buy Government securities and issue certificates? The theory has been that that would increase the amount of circulation. As a matter of fact, the banks have not used that money, but they have taken up their credits with the Federal reserve banks and paid their correspondent banks. They have not put more money in circulation.

Mr. REED. I am coming to the relationship of the Federal reserve system to this proposal. At the present time we have more currency than we need. It is not that there is an inadequacy of our currency supply; that is not what is the matter with prices. We are not now going to increase the price of any commodity by one single red penny by issuing new circulation unless it is a debased circulation. Of course, if we go off the gold standard we can increase prices just in proportion to the volume of fiat money which we pour out; but if we are to remain upon the gold standard—and I know that a vast majority of us believe that we are to do so—then no amount of new sound currency we may issue is going to result in any increase in the price of commodities.

The Senator from New York has asked me why will a bank take advantage of this measure. I tried to explain that point when I invited him to put himself in the place of a board of directors of a national bank that found that it could secure a  $4\frac{1}{2}$  per cent investment free of any tax—because in the hands of a corporation these bonds are free of tax—by the expenditure of not one penny of their present assets, but by the expenditure of new money issued on the face of the bonds which they buy. Perhaps I should qualify that statement somewhat. They are required to keep, with the Treasurer of the United States, in lawful money 5 per cent of the face value of the note issue, so they will get  $4\frac{1}{4}$  per cent on 95 per cent of their note issue. That is about what it boils down to.

At present, under the 2 per cent circulation privilege—that is, the privilege of issuing notes against 2 per cent consols—the banks have taken advantage of it to the extent of issuing \$627,000,000 of currency against a permissible aggregate of \$670,000,000. If they take advantage of it so generally against the 2 per cent bonds, it is self-evident that they will resort to it to the full in the case of the  $4\frac{1}{4}$ 's. So we would have an additional amount, say, of \$1,000,000,000 of currency.

I asked the Treasury Department what their opinion of this measure was, and they came back with this reply in a letter to me dated June 24:

Under the operation of the Federal reserve system the volume of currency in circulation is determined by the currency needs of

the country, which, in ordinary times, depend largely upon such factors as the volume of retail trade, pay rolls, and so on. The currency facilities of the Federal reserve system are entirely adequate to the country's needs. Currency has been made available in volume sufficient not only to meet the demands of business but to meet the unusual currency demand which has been experienced during the past year and a half as the result of hoarding.

At the present time there is about \$5,505,000,000 of currency in circulation. The total is about \$770,000,000 larger than a year ago, and about \$1,080,000,000 larger than at the end of June, 1929. The Federal reserve banks are in a position to meet still further demands for additional currency, if necessary. Our interest at this time is not in the addition of more circulation to the amount already in circulation, but, rather, in the return flow of idle funds from hoarding back into active employment in the banking system.

Mr. BORAH. Mr. President, let me inquire of the Senator does the Treasury Department suggest how to bring about that return flow?

Mr. REED. They do not, but it seems to me that the answer is rather obvious, that we will have that return flow just so soon as the people of the country regain their confidence in the soundness of our banks.

Mr. BORAH. How long does the Senator think, under present conditions and tendencies, it will take to restore that confidence?

Mr. REED. I should think not very long if Congress does nothing foolish in regard to our financial situation.

Mr. BORAH. I suppose if Congress were abolished perhaps the situation would be better.

Mr. REED. I do not agree to that. I do not approve, any more than does the Senator, of the indiscriminate denunciation of Congress; but I do think that when the House of Representatives passes such bills as the Goldsborough bill, which was rejected by the Banking and Currency Committee of the Senate, I am proud to say, when it passes such bills as the Patman bonus bill, proposing the issuance of over \$2,000,000,000 in greenback money, when it passes such measures as that, it frightens the people of this country and encourages hoarding.

Mr. BORAH. Mr. President, the Senator knows perfectly well that hoarding had been going on for months and months before the Goldsborough bill was passed, or before the bonus bill was passed.

Mr. REED. Undoubtedly that is true.

Mr. BORAH. Hoarding had been going on for 18 months—

Mr. REED. Yes.

Mr. BORAH. Long before the bills referred to ever came to the surface.

Mr. REED. Yes; but what started the hoarding was the failure of banks all over the country. That frightened people; the action of the House of Representatives last winter has frightened them still more, and the combination of the two is what is keeping money in hoarding at the present time.

Mr. WATSON. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Indiana?

Mr. REED. I yield.

Mr. WATSON. The Senator said that if the measure offered by the Senator from Idaho as an amendment to the pending bill should be adopted it would increase the circulation by \$994,000,000.

Mr. REED. That is correct.

Mr. WATSON. How much of that would go into circulation and how much would stay in the bank tills, where the money is at the present time?

Mr. REED. I do not think that any of it would go into circulation except as there arose a demand for it in legitimate business, and the demand of legitimate business to-day is not adequate to use the currency we have.

Mr. WATSON. In other words, when the Senator says that it would increase the circulation \$994,000,000 he does not mean that to that extent it would increase the actual flow of money in the country?

Mr. REED. No; but, of course, when we speak of circulation we include not only money in people's pockets but money in the private banking institutions of the country.

Mr. FESS. Mr. President—



Mr. REED. I yield to the Senator from Ohio.

Mr. FESS. In view of the enormous amount of money per capita we already have in circulation, and yet the difficulty with which it flows back into business, what assurance have we, if we do this, that this additional money is going to flow into business without a restoration of confidence?

Mr. REED. I do not think we have any assurance at all that it will; but undoubtedly this will be availed of by the banks.

Now, let me paint again the picture of the board of directors of a single bank.

At the present time, under the Federal reserve system of which we are all justly proud, any bank that is a member of the system can get currency to meet legitimate needs by discounting with the Federal reserve bank of its district eligible paper, or by borrowing from that Federal reserve bank against United States bonds or notes or certificates. Any bank can get all the money that is legitimately needed in that way; but, if it does, it has to pay for the currency that it gets. It has to pay interest on the loan that it makes according to the prevailing rate established by that reserve bank. The charm of this scheme advanced by the Senator from Idaho is that the banks will get the money without paying any interest on the loan; for Tom, Dick, and Harry, who carry these bills in their pocketbooks, are going to get no interest, although they are actually lending that money to the national banks to enable them to buy these 4¼ per cent bonds.

Of course, the banks will resort to this privilege to the full, and it will render inactive that functioning of the Federal reserve system which at the present time allows the issuance of new currency as business demands it, but requires the payment of interest by the borrowing bank.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I do.

Mr. BORAH. I understood the Senator to say a few moments ago that this might lead to the incorporation of more national banks—to the transfer of banks from the State bank system to the national bank system.

Mr. REED. I think it would.

Mr. BORAH. And that the banks would avail themselves of this, because they could purchase the bonds practically without the payment of any interest.

Mr. REED. That is right.

Mr. BORAH. What would the banks do with that currency which they are so anxious to get?

Mr. REED. They would pay for the bonds with it, in effect.

Mr. BORAH. Does the Senator mean that they would simply purchase the bonds for the purpose of having the currency, and putting the currency in their vaults and leaving it there?

Mr. REED. Not at all.

Mr. BORAH. Does not the Senator think, then, that the currency would naturally be secured for the purpose of putting it in circulation and making something out of it?

Mr. REED. Not a bit of it. Here is the way it would work:

The Senator and I, as the board of directors of a national bank, would read that this bill had passed. We would then go into the market, and, if our bank had a capital of a million dollars, we would buy a million dollars of the cheapest 4¼ per cent bonds we could get. Those would be the 4¼ first Libertys, because they are soonest due. We would buy a million dollars of them, and we would deposit them here with the Treasurer of the United States, and he would give us national-bank notes to the amount of a million dollars. Fifty thousand dollars of that we would put in the Federal Treasury to furnish the reserve fund in lawful money. Nine hundred and fifty thousand dollars of it we would use in paying for the bonds that we had bought. We are not paying any interest rate on that million dollars that we have borrowed, in a sense, from the people of the country, and we are getting \$42,500 totally tax free to us as interest on our deposited bonds.

It is a fine thing for the banks, but how it is going to help the people of the country any I can not see. It is going to be a bonanza for every national bank that gets that privilege.

Mr. NORBECK. Mr. President—

Mr. REED. I yield to the Senator from South Dakota.

Mr. NORBECK. I want to say that the Banking and Currency Committee did not assume that the banks needed to buy the bonds. They assumed that they had them.

Mr. GLASS. Not a dollar would they buy. They have nearly five billions of bonds in their portfolios now. They would not have to buy a dollar—not a dollar.

Mr. NORBECK. And therefore the suggestion of the Senator from Idaho has force to it, that they will have additional currency to loan.

Mr. REED. Why, certainly. If they have already bought the bonds, then they will doubtless deposit bonds that they hold, and they will have this currency, and it will take the place of other borrowings, perhaps, from the Federal reserve bank of their district, or it will meet other withdrawal liabilities. I do not mean that these notes will not appear and be handed around; but they will take the place of other notes, and the aggregate amount of circulation in use in the trade of the country will not be increased by one iota.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Illinois.

Mr. GLENN. Referring to the illustration the Senator from Pennsylvania made a moment ago of a million-dollar bank which gets a net gain of \$42,500 through this transaction, of course somebody pays it.

Mr. REED. To be sure.

Mr. GLENN. It is the taxpayers; is it not?

Mr. REED. Absolutely. Of course it is. Money does not come out of the air. Somebody is going to pay this very handsome profit that we are giving to the national banks.

Now, let us see some of the results of this proposal.

At the present time this supposititious bank of ours owns 2 per cent consols, and it already has its notes out against them. It is getting only 2 per cent interest on those consols of 1930. Of course, this bank of ours is not going to continue that. It is going to sell the 2 per cents and replace them with 4¼'s, either out of its own strong box or by buying them in the market. It is not going to be content with a tax-free income of \$20,000 a year on this \$1,000,000. It would rather have the \$42,500. Immediately, we are going to see these bonds that now have the circulation privilege—the two issues of Panama Canal bonds, and the one issue of 2 per cent consols—sink down to the level which their 2 per cent coupon entitles them to rest on as investments. What that is, I do not venture to guess.

Mr. GLASS. Mr. President, does not the Senator know that none of those bonds are held as an investment; that they are all held by banks solely because of their circulation privilege?

Mr. REED. Absolutely.

Mr. GLASS. And they could not be sold to anybody, now or hereafter.

Mr. REED. Oh, no; the Senator is wrong about that.

Mr. GLASS. Who would buy a 2 per cent bond now?

Mr. REED. I would buy it if I could buy it cheaply enough.

Mr. GLASS. Oh, yes; if the Senator could buy it cheaply enough, but the only use of that 2 per cent bond is for circulation.

Mr. REED. Of course. That is what I am trying to say, and the only reason why the Panama Canal 2's, or the 2 per cent consols, sell at par to-day is because they have the circulation privilege.

Mr. GLASS. They will continue to have that.

Mr. REED. That is right; is it not? The only reason why they sell at par is because they have the circulation privilege?

Mr. GLASS. Yes; and they will continue to have that.

Mr. REED. Oh, I beg the Senator to listen and then answer. I will state it a third time. The only reason why those 2 per cent bonds sell at par to-day is because they are unique among all our issues of Federal bonds, in that

they carry this circulation privilege. Now, if we give a similar privilege to thirteen and a half billions of Liberty bonds and Treasury bonds, these 2 per cent bonds cease to have that peculiar value, and they sink at once to the point where they deserve to be considered only as investments, and, of course, they are going down in price. Would the Senator from Virginia hesitate one minute, in his own bank, to replace those 2's with Liberty 4½'s.

Mr. GLASS. Certainly I would hesitate to do it. The 2's, for circulation privileges, are just as valuable as the 4½'s.

Mr. REED. No, they are not; because—

Mr. GLASS. Why are they not?

Mr. REED. Because they carry only a 2 per cent coupon as against the 4½ per cent coupon of the others.

Mr. GLASS. They can get from the Treasury here the same value of circulating notes.

Mr. REED. That is absolutely correct; but they do not get from the Treasury here the same amount in annual interest. So you have two bonds, one paying 2 per cent, the other paying 4½ per cent and they are equally good for circulation privileges. Of course, you are going to get rid of the 2 per cent bonds and take the 4½'s.

Mr. GLASS. As a matter of fact, you could not get rid of one of them to anybody but a bank; and the only reason why the bank would want it would be to make it a foundation for the circulation privilege.

Mr. REED. The Senator, of course, does not mean that quite as literally as he has stated it. The Senator could very easily sell a 2 per cent bond at 50 cents on the dollar, because that would make it a 4 per cent yield on cost. There is a price at which private investors will buy them.

Mr. GLASS. Oh, well, the Senator is dealing in improbabilities. I am dealing in facts.

Mr. REED. I hope it is improbable; but when you give these 4½'s the same privilege that the present 2's have, they are going to sell on exactly the same interest basis just as sure as water finds its level. I think that is too obvious for argument, and it is not disposed of by the seraphic smile of the Senator from Virginia.

Mr. GLASS. I am noted for my seraphic smile, and I can not help it. The Senator ought not to censure me for that, or taunt me, either.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. REED. Surely.

Mr. NORRIS. While I am not agreeing with the Senator on what would happen to the 2 per cent bonds, for the purpose of my question I am assuming that the thing would happen that the Senator has stated. Suppose it does. If the bank sold its 2 per cent bonds to buy 4 per cent bonds, and all those bonds had sunk to the same level, depending on the rate of interest they bore, the amount the bank would lose on the sale of the 2 per cent bonds would just balance the amount it would gain on the purchase of the 4½ per cent bonds.

Mr. REED. No; I wish that were so. It would be so if the amounts were equal, but there are eight or nine billion dollars of the 4½'s outstanding, of which only about 10 per cent could be availed of for this purpose, and the amount is so great that they would probably continue to sell at about their investment value, whereas the 2's would immediately sink to their investment value.

Mr. GLASS. Mr. President, does not the Senator know that under a provision of the existing Federal reserve act the 2 per cent bonds may now be exchanged for 3 per cent bonds at the rate of \$25,000,000 a year?

Mr. REED. Yes.

Mr. GLASS. And is anybody going to sell his 2 per cent bonds at 50 cents on the dollar when he may exchange them for 3 per cent bonds?

Mr. REED. I did not say they were going to 50 cents on the dollar. I said they were going to the level fixed by their investment value. I have said that several times, and I hope I have made it clear to most of the Members of the Senate.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. REED. Yes; I yield.

Mr. BINGHAM. I desire to withdraw the amendment which I offered this morning.

The PRESIDENT pro tempore. That is within the Senator's right, and the amendment is withdrawn.

Mr. REED. Mr. President, I am very happy that the Senator has seen fit to take that action, because now we are going to—

The PRESIDENT pro tempore. That carries with it the amendment offered by the Senator from Idaho as a substitute.

Mr. ROBINSON of Arkansas. Of course the Senator from Idaho can offer his amendment to the bill, and I suggest that he do that.

Mr. BORAH rose.

Mr. REED. Does the Senator want me to yield to him?

Mr. BORAH. No; not if the Senator desires to go ahead with his address, because I will offer the amendment as soon as the Senator concludes.

Mr. REED. I thank the Senator. I shall be glad to yield to him for the purpose if he wishes to offer his amendment as a separate amendment.

Mr. ROBINSON of Arkansas. I suggest that that be done.

Mr. BORAH. Mr. President, I make the formal offer of the amendment which I offered to the amendment of the Senator from Connecticut. I offer it now as an amendment to the bill.

The PRESIDENT pro tempore. The Senator from Idaho offers his amendment as an amendment to the bill; and the question is on agreeing to the amendment proposed by the Senator from Idaho.

Mr. REED. Mr. President, I think it is a happy result that that has worked out in that way, although I do not mean at all to intimate that I am hoping that the Senator from Connecticut will not again offer his amendment.

Mr. WATSON. He will.

Mr. REED. But certainly each of them ought to be taken on its merits.

I have almost finished, Mr. President.

I think every one of us is agreed that we want to see an improvement in prices. I think every one of us will admit that the present situation of depressed commodity prices is an almost intolerable burden upon the debtor class in the United States. Those of us who are in debt are finding far more difficulty in carrying our obligations or in discharging them than we would have with commodity prices at a reasonable level. I think all of us will admit that the present level of commodity prices is about as unnaturally low to-day as it was unnaturally high three years ago.

In that improvement in prices for which we all yearn there must be just one indispensable condition, and that is that the improvement must come from a sound basis. It is easy enough to make an improvement in prices by debasing the currency of the Nation. Last September Great Britain made an improvement in prices, as far as quotations went, of about 30 per cent. Wool and grains of all kinds and cotton, everything that had an international market, jumped 30 per cent overnight on that fateful Monday when Great Britain went off the gold standard. That is not the kind of improvement we mean. We could debase our dollar until it had the same value as South American money, where a so-called dollar has a gold value of 1 cent, and prices would be increased a hundredfold, but none of us would be the least bit better off if we did that. On the other hand, if we can see an increase in price coming about for sound reasons and by sound methods, as in this last month we have seen over 50 per cent increase in prices of hog products, that is the sort of thing over which we can be well content, because it is that kind of increase that spells a return of prosperity to America.

So long as our currency remains upon the gold standard an increase in price means an increase in the prosperity and the well-being of the producers. If we to-day could



see grain prices doubled, if we could see cotton at 10 cents instead of 6 or a shade under 6, and if at the same time we kept a sound money, the whole aspect would turn rosy. But we must not yield to the temptation of debasing our currency or increasing its volume by unsound means in order to get a superficial increase in price, which, in the last analysis, is no increase at all, just as it was not in Great Britain.

The Senator from Idaho has said with force that everyone favors an honest dollar; and that is true. If we maintain an honest dollar and secure an increase in prices thereby, everyone is better off; but if we resort to a dishonest dollar and get an apparent increase in prices by that method, nobody will be any better off.

I do not mean to imply that an increase of \$1,000,000,000 in the note circulation of our national banks would be a dishonest increase in the currency. I do not think it would be. But I do say that it would be an unwise method of increasing the currency, and it would be a departure from the sound principle of supplying currency needs through the Federal reserve system, which has served us so well in the past. If more currency is needed, the Federal reserve points the way to get it, and allowing \$1,000,000,000 to be issued upon the faith of United States bonds would be a reversal to a method which would not be comparable in soundness with the method outlined by the Federal reserve act.

Mark you, if this is good, then why set the limit at the paid-in capital of each bank? Why not make the limit ten times the paid-in capital of each bank, and let the whole American national bank capital stand as the basis for an issue of paper currency? Obviously, in the mind of every one of us that would be an unsound proposal. Obviously, that would mean going off the gold standard. Yet, instead of cutting off the tail of the dog in its entirety, we would by this be taking it off in little bits.

If it is unsound to do it on the wholesale basis, it is unsound to do it to the extent of this single billion dollars.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. NORRIS. The Senator is usually so logical in his argument that I am rather shocked at his last statement; that is, that if it is unsound to permit the issue of currency, based on all of the bonds of the United States, it is equally unsound to permit an issue on part of them. If that be true, then the issue is unsound on the 2 per cent bonds.

Mr. REED. I think it is. I think it is a very unfortunate method.

Mr. NORRIS. Does not the Senator see that at least there is a fair ground on the part of honest students of political economy to believe that our circulation of money ought to be increased? It does not follow because a man believes that that he wants an unlimited increase. There is a vast difference, as I see it, between increasing the currency a billion dollars, and increasing it \$10,000,000,000. It seems to me that must be plain.

Mr. REED. It is plain.

Mr. NORRIS. The Senator, as I understood him, has just contradicted that.

Mr. REED. No; I think the Senator has misunderstood me.

Mr. NORRIS. Perhaps I have.

Mr. REED. What I tried to point out was that the unsoundness of the method would be better appreciated if we understood it in its extreme application. The Federal reserve law provides a perfectly sufficient method for increasing the currency according to the needs of trade. There is no necessity for this increased currency at the present time, as is shown by the fact that the Federal reserve system has tremendous resources left which would furnish a basis for a larger currency if needed.

Mr. NORRIS. Of course, honest men differ as to whether there should be an increase of currency or not. If the Senator's position is right, it seems to me that, in order to be logical, we ought to withdraw from the circulating privilege these 2 per cent bonds.

Mr. REED. I have often dreamed of it. We had an issue of 4 per cent bonds, which carried the circulation privilege, and they matured in 1925. I think every one of us who watched the process was glad to see those bonds paid off and not replaced by others with the circulation privilege. I have dreamed of the day when all of these bonds with the circulation privilege would disappear and when our circulation would be confined entirely to the Federal reserve bank notes and the gold and silver certificates; and they would be adequate for all our necessities.

Mr. NORRIS. When the Federal reserve act was passed that argument was made and given as a reason for its passage. But, coming down to a practical proposition, suppose we followed the logic of the Senator's argument and withdrew the circulation privilege from these 2 per cent bonds; in other words, took away from national banks the right to have any circulation. Does not the Senator think that, without having something to replace that system, different, even, from the Federal reserve system, there would be a very disastrous effect upon the business of the country if we withdraw that privilege and curtailed the circulation that much?

Mr. REED. No; I do not think so, because I think the gap would be instantly filled from the Federal reserve system. But, of course, we are not in a position to consider retiring the 2 per cent bonds now. That is years away, I am afraid, and possibly it is going to be beyond our lifetime.

Mr. President, the Senator from Idaho has argued with his usual force what amounts practically to an appeal for the use of the trade dollar, which many economists for years have been urging as a desirable currency, a dollar which would be constant in its purchasing power because based upon the composite value of a wide range of commodities.

There is much to be said in favor of that. It has been a dream of hundreds of economists for many years. But as long as we are on the gold standard it is unthinkable that we should combine it with any kind of a trade-dollar idea. Perhaps when Utopia comes we will have a currency which will never fluctuate in its purchasing power, and that is the trade-dollar idea, which Irving Fisher and others of his school have been urging for so long. But it is the very antithesis of the gold standard, which, up to date, is the best thing which in practice anybody has been able to evolve. The argument in favor of the trade dollar certainly can not be used to justify the expansion of the circulating-note privilege of the national banks.

Now, to sum up. In the first place, we do not need this extra billion dollars of currency.

In the next place, if the demands of trade call for more currency, we have a perfectly sufficient method of getting it through the operations of the Federal reserve system.

In the next place, it is unfair and unjust that the value of the present 2 per cent bonds should be so savagely reduced as it would be by the adoption of this pending amendment, because instead of selling at par, due to their having the circulation privilege, they would instantly revert to an investment status, and their value would go far under par, and there would not be any compensating advantage in an appreciation of the price of the 4½'s, because the volume of them is nine times the amount that would be necessary for this circulation purpose. There would be nine times as many of the 4½ per cent bonds out as could be used under this amendment, and the eight-ninths that was not so used would, of course, sell only on its investment basis. So the loss incurred in the 2 per cents would not be made up by an appreciation in the 4½'s.

Finally it is the wrong basis; it would be a reversal to the financing of the post-Civil War days to issue currency of this kind. It would be a departure from the sound financial thought that was exemplified in the Federal reserve system. It would be a step backward in our fiscal policy; and that is why I hope the Senate will not adopt it.

Mr. COUZENS. Mr. President, will the Senator yield for a question?

Mr. REED. Certainly.

Mr. COUZENS. I wonder whether the Senator has made any estimate as to the number of national banks that would avail themselves of this opportunity?

Mr. REED. Yes; I think every bank would avail itself of the opportunity to the fullest possible extent.

Mr. COUZENS. Why have they not done so with the 2 per cent?

Mr. REED. They have. They have issued \$627,000,000 of currency against their ownership of \$670,000,000 of 2 per cent bonds. When we more than double the interest rate the attraction is so great that I should expect every penny of permissible circulation to be issued against the 4½'s, and it would result in an increase at once of \$994,000,000 by the existing banks, and, of course, a further increase by any new banks.

Mr. COUZENS. Is it not a fact that the bankers would be equally unsound if they did that?

Mr. REED. Not a bit of it. From the standpoint of the banker, he will borrow money from Tom, Dick, and Harry at no interest whatever in order to buy a 4¼ per cent investment.

Mr. COUZENS. As a matter of fact, if he has no place to use the money, why would he borrow it?

Mr. REED. How would he use it? He would use it in buying that much more of 4¼ per cent bonds. The very money he withdrew from the Treasury after the deposit of his bonds he would use in paying for the bonds to the former owner. It would be a godsend to the national banks, and if we wanted to make a Christmas present to the national banks of the country, we could do it in no better way than by the adoption of this amendment.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Wisconsin?

Mr. REED. I yield.

Mr. BLAINE. This may not be material, but I think the Senator used the figure of \$627,000,000 as indicating the outstanding bank notes. I find from the statement of July 6 of the Treasury that the outstanding national-bank notes were \$736,000,000.

Mr. REED. The figure I gave I obtained from the Comptroller of the Currency by telephone about three days ago.

Mr. FESS. Mr. President, if the Senator will permit me, I obtained the figure of \$720,000,000 from the Treasurer of the United States; that is, from Mr. Wood.

Mr. REED. The figure was given me over the telephone by the Comptroller of the Currency. The reason I think that the Senator's figure can not be correct is that the total amount of bonds held by the Treasurer of the United States at the close of business on the 30th day of June last, a week ago, was only \$670,000,000. Obviously we can not issue notes for more than the face value of those bonds. I do not understand the discrepancy in the figures.

Mr. BLAINE. If I may make a suggestion, is not the discrepancy explained by reason of the older outstanding national-bank notes based upon former issues of United States bonds? For instance, 4 per cent bonds were still in existence down to 1925, and the discrepancy may be due to that fact.

Mr. REED. I think rather it is due to the amount of money deposited in the Treasury by national banks for the redemption of national-bank notes. If they deposit lawful money in the Treasury for the redemption of outstanding notes, that is counted as outstanding money, but they still may issue up to the full amount of their bonds without taking into account that against which they have deposited a redemption fund. That, I believe, explains the discrepancy. There is about \$30,000,000 on deposit in the Treasury at this time for the redemption of circulating notes. That is included in the Senator's figures, but not included in the figures I gave.

Mr. BLAINE. But the national-bank notes are still in circulation.

Mr. REED. That may be.

Mr. GLASS. Mr. President, I have no disposition to enter into a technical discussion of the quantitative theory of

money. In my own view it has been repeatedly exploded, never more notably than in 1920, when the issue of currency in this country was at its peak, larger than it had ever been theretofore and larger than it has ever been since, and the credits of the 12 Federal Reserve banks were at their peak, larger than they have ever been in the history of the system. At the same time commodity prices had dropped distressingly and business was literally at a standstill. The more I read after the professors of political economy the more confused I become and the more I am precluded from applying to these questions the plain common sense of a layman. I have observed many of these professional economists who have come to testify before the various subcommittees of the Committee on Banking and Currency who would go home and change their theory and their statements of fact altogether. One of such gentlemen mentioned by a preceding speaker, now, I believe, associated with the Bank of England as a financial expert, came before a subcommittee of the Banking and Currency Committee having in charge the problem embodied in the so-called Glass bill, and three months after he went home wrote me an extended letter stating that he wanted to modify severely the testimony that he had given before the committee—and, indeed, he needed to do so!

The matter comprised in the pending amendment to me is one of the simplest questions in the world. We had before us the Goldsborough bill to stabilize the dollar, or, rather, to stabilize commodities at a higher than the prevailing price. Everybody is agreed that better commodity prices are desirable, but not all of us believe in chimerical expedients to bring this about. Hence the measure now being here considered. I have never been able to understand how it is humanly possible to "stabilize" the value of the dollar unless we find a way to stabilize the value of the things which the dollar is used to purchase. Talk about "stabilizing the dollar" to me is Greek, and I do not understand the Greek language at all.

In this very respect and in pursuit of this fallacious theory early in the year the Federal Reserve Board and banks entered upon a course of bond purchase with the idea that thereby they would release the indebtedness of the various member banks of the system to the Federal Reserve banks, and thus would induce the member banks to discount for their patrons and to renew banking operations on an active scale. In pursuance of that system, the Federal Reserve banks have gone into the open money market in the metropolitan districts purchasing bonds, for which they had not one particle of use, to the amazing extent of \$900,000,000—now owning a total of one billion eight hundred millions of United States securities—with the idea that these great banks in the money centers would trickle their liquidity down to the member banks throughout the country districts, and thereby induce the member banks throughout the country to embark on a more liberal discounting program and a broader resumption of banking business. The theory was that when this should be done there would be a very appreciable increase in commodity prices. It simply has not worked. There has not been any increase in commodity prices, except in the price of pork or hogs. There has not been any appreciable resumption of discount operations at the member banks. We are in the same state of fear and apprehension in which we have been all along.

I suggested to certain members of the Federal Reserve Board in whose judgment I have great confidence that if inflation of the currency was the trouble we had better have what I term a "diffused inflation" of the currency rather than a centralized attempt at its inflation such as that to which I have referred. Those members of the board agreed with me thoroughly, but seemed unwilling to take responsibility for projecting the suggestion.

The pending question is simply a proposal to authorize the national banks of the country, the smaller banks as well as the larger banks, to increase their loaning facilities. They have their portfolios now crowded with United States bonds to the extent of \$4,199,000,000. This is a proposal to permit them to exchange a limited amount of those bonds for circulating notes so that, instead of relying upon the central



authorities in great money centers for accommodations, they may use in exchange for circulating notes the bonds that have been crowded on them to the extent of nearly \$5,000,000,000.

I took the trouble to ascertain from the director of the banking operations of the Federal Reserve Board the distribution of those bonds, and I shall ask permission to put in the Record a statement showing that the distribution, if not ideal, is as nearly so as could be hoped.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NORRIS. Mr. President, I think that is a very interesting part of the Senator's remarks. I would like to have him give us the information. If he does not want to read it in detail, at least let us have a general synopsis of where the bonds are.

Mr. GLASS. Very well, if the Senate will have patience. In the Boston Federal reserve district \$232,891,000 of bonds are held in the portfolios of the banks; in New York, \$1,630,591,000.

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Virginia yield to the Senator from Pennsylvania?

Mr. GLASS. I yield.

Mr. REED. Does that mean national banks or member banks?

Mr. GLASS. Member banks, the overwhelming number national banks.

Philadelphia, \$279,000,000, in round numbers. I shall not read the odd thousands. Cleveland, \$468,000,000; Richmond, \$136,000,000; Atlanta, \$134,000,000; Chicago, \$351,000,000; Dallas, \$112,000,000; San Francisco, \$461,000,000; making a total of \$4,199,000,000. The table in detail follows:

*United States Government securities held by all member banks on December 31, 1931, and by weekly reporting member banks on December 30, 1931, and May 18, 1932*

[In thousands of dollars]

Federal reserve district	Holdings of all member banks on Dec. 31, 1931					Holdings of weekly reporting member banks	
	Total	Bonds	Treasury notes	Certificates of indebtedness	Treasury bills	Dec. 30, 1931	May 18, 1932
Boston.....	302,460	232,891	29,096	29,613	10,860	197,000	224,000
New York.....	2,125,866	1,630,519	192,705	186,470	116,172	1,862,000	1,894,000
Philadelphia.....	336,900	279,094	43,465	13,734	607	190,000	176,000
Cleveland.....	489,264	408,595	15,374	5,146	149	386,000	405,000
Richmond.....	157,375	136,804	13,112	7,152	307	113,000	112,000
Atlanta.....	153,550	134,842	7,031	10,177	1,500	91,000	90,000
Chicago.....	598,953	351,256	64,113	172,211	11,373	465,000	420,000
St. Louis.....	158,694	129,156	17,702	11,823	13	95,000	102,000
Minneapolis.....	111,783	98,580	6,119	6,932	152	55,000	66,000
Kansas City.....	204,753	163,478	11,421	26,830	3,024	136,000	138,000
Dallas.....	132,233	112,792	8,817	10,132	492	84,000	83,000
San Francisco.....	546,823	461,478	31,619	39,375	14,351	386,000	383,000
Total.....	5,315,654	4,199,485	440,574	519,595	159,000	4,060,000	4,003,000

I also obtained from the director of banks in the Federal reserve system the capitalization of national banks in the various Federal reserve districts in order to determine what increase of circulation would be possible in those respective districts. The capitalization in the various districts reflects a decidedly satisfactory credit basis for the purposes of this bill. It is as follows:

Boston, \$151,000,000; New York, \$442,000,000; Philadelphia, \$123,000,000; Cleveland, \$112,000,000; Richmond, \$73,000,000; Atlanta, \$75,000,000; Chicago, \$180,000,000; St. Louis, \$55,000,000; Minneapolis, \$57,000,000; Kansas City, \$82,000,000; Dallas, \$77,000,000; San Francisco, \$186,000,000; making a total capitalization of the national banks of the country of \$1,618,024,000. The table in detail follows:

*Capitalization of national banks by Federal reserve districts as of December 31, 1931*

District:	Amount
Boston.....	\$151,205,000
New York.....	442,004,000
Philadelphia.....	123,477,000
Cleveland.....	112,288,000

District—Continued.

	Amount
Richmond.....	\$73,957,000
Atlanta.....	75,210,000
Chicago.....	180,375,000
St. Louis.....	55,789,000
Minneapolis.....	57,825,000
Kansas City.....	82,342,000
Dallas.....	77,422,000
San Francisco.....	186,130,000
Total.....	1,618,024,000

I likewise obtained from the Director of the Banking Division a statement of the outstanding bank-note circulation, which is as follows:

*The outstanding national-bank circulation as of December 31, 1931*

District:	Amount
Boston.....	\$41,849,000
New York.....	95,918,000
Philadelphia.....	57,103,000
Cleveland.....	68,910,000
Richmond.....	45,830,000
Atlanta.....	42,507,000
Chicago.....	73,576,000
St. Louis.....	25,909,000
Minneapolis.....	24,948,000
Kansas City.....	30,171,000
Dallas.....	42,602,000
San Francisco.....	73,911,000
Total.....	624,234,000

Bonds bearing the circulation privilege approximates \$700,000,000, from which fact it is deduced that national banks have omitted to issue the limit of bank-note circulation by nearly \$75,000,000.

I also obtained from this official of the Federal reserve system the possible margin of expansion of national-bank notes in the various districts. In Boston the possible expansion is \$109,000,000, in New York, \$346,000,000, in Philadelphia, \$66,000,000, in Cleveland \$43,000,000, in Richmond \$27,000,000, in Atlanta \$32,000,000, in Chicago \$107,000,000, in St. Louis \$29,000,000, in Minneapolis \$32,000,000, in Kansas City \$52,000,000, in Dallas \$34,000,000, in San Francisco \$112,219,000, making a total possible margin of expansion in the country of \$994,780,000, and not \$14,000,000,000, as the Senator from Pennsylvania suggested in my absence some days ago.

This table in detail is as follows:

*Possible margin of expansion of national-bank notes*

District:	
Boston.....	\$109,356,000
New York.....	346,086,000
Philadelphia.....	66,374,000
Cleveland.....	43,378,000
Richmond.....	27,127,000
Atlanta.....	32,693,000
Chicago.....	107,799,000
St. Louis.....	29,880,000
Minneapolis.....	32,877,000
Kansas City.....	52,171,000
Dallas.....	34,820,000
San Francisco.....	112,219,000
Total.....	994,780,000

Thus, as stated, the extreme margin of expansion under this bill is less than \$1,000,000,000; certainly this moderate accretion to the total circulation of the country should not disturb public officials who in recent months have persistently recommended legislative expedients of their own which involved inflation to the amount of \$10,000,000,000. So much, in fact, as to have affrighted them into an abandonment of their undigested schemes.

Mr. President, frankly I have not been among those who have imagined that there is an exigent need of expansion of the currency, because, as I pointed out six weeks ago, the member banks of the Federal reserve system alone had in their portfolios nearly \$8,000,000,000 of eligible paper and of United States bonds, while they were at that time discounting at the 12 Federal reserve banks to the limited extent of less than \$500,000,000. However, I held them, as I insist now, that if there be a need of expansion the surest and altogether the fairest way to bring it about is through the medium of expanding the circulation of the national banks, putting the national banks of all sections of the country

upon a fair basis of competition, and affording their respective communities increased credit facilities for the transaction of business.

I am sure there is not a banker in the Senate or in the country who will not be astonished at the statement of the Senator from Pennsylvania that there is such a material profit in the circulation privilege. When we enacted the Federal reserve act the consensus of judgment was that the privilege was worth only 1 per cent to the issuing banks, and that amount was largely in excess of the profit that any national banker who ever appeared before the two banking committees of Congress was willing to concede.

Mr. REED. Mr. President, will the Senator from Virginia yield to me?

Mr. GLASS. I yield.

Mr. REED. Does the Senator agree with me that whatever the profit on bank circulation is at the present time, the effect of this amendment, if adopted, would be to increase it by  $2\frac{1}{4}$  per cent?

Mr. GLASS. No; I do not agree with that proposition at all; nor do I agree with the suggestion of the Senator from Pennsylvania that this action would decrease the value of the 2 per cent bonds. The only real investment value they have now, aside from their face, is the circulation privilege, which we estimated at 1 per cent. Therefore we provided in the Federal reserve act that the 2 per cent bonds might be exchanged for 3 per cent bonds to the extent of \$25,000,000 each year for a period of years, feeling that this differential would fully compensate the displacement of national-bank circulation by the issuance of Federal reserve notes.

I agree teetotally with the Senator from Pennsylvania in his statement that a bond-secured currency is an unscientific issue; and for 50 years it was the attempt of Congress, always futile until the enactment of the Federal reserve act, to rid ourselves of a bond-secured currency and supplant it with an automatic currency that would issue upon the demand of commerce and retire at the consummation of all business transactions which it represented; but the process recently adopted by the Federal reserve banks, with the sanction of the Federal Reserve Board, is just the reverse of that.

In their open-market transactions and under the 15-day discount provision of the act having to do largely with speculation on the exchanges, they have attempted to take us back to the bond-secured currency; and, as I have indicated, since the passage of the Glass-Steagall bill they have loaded the portfolios of the Federal reserve banks with nearly a billion dollars of bonds, in addition to a like amount already held, against which they have issued Federal reserve notes and Federal reserve bank credits. It was my conception that if we were to expand our currency at all upon the bond theory, we had better do it as proposed in this measure than to do it after the fashion the Federal reserve banks and board have pursued.

Again, in all frankness, I must say that I have not greatly altered my opinion as to the lack of currency not being our trouble, but what is proposed here is of such a limited nature that if every national bank owning bonds would avail itself 100 per cent of the privilege accorded, we would not yet get back to the per capita circulation which we had 12 years ago.

The per capita circulation in this country in December, 1920, was 52 and a fraction, while the circulation to-day is but 43 and a fraction, a difference of over \$9 in money, or over 17 per cent. If every national bank should avail itself to the fullest extent of the privilege here proposed to be extended, it would not take us to the per capita circulation we had 12 years ago.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. GLASS. I yield.

Mr. FLETCHER. I do not know whether the Senator has any figures as to the amount of money hoarded in this country; but, so far as I can gather, something over a billion dollars, it is estimated, are now being hoarded; so that if

the entire expansion took place to the amount authorized by this bill, it would not cover the amount of money actually in hoarding.

Mr. GLASS. No, it would not; it would scarcely cover the amount of bonds purchased by the Federal reserve banking system within the last few months upon which it issued credit in the futile expectation that such credit would be expanded throughout the country and would revive business.

I am sure that any practical national banker will disagree with the Senator from Pennsylvania about the eagerness of the bankers to take advantage of this privilege. I have a very definite example in mind. In my own community there are three national banks, two of which have issued circulation against their bonds approximately to the limit, and one of which has not issued a single dollar. If the profit were so inviting, that bank, managed by as keen, acute, and acquisitive a set of officials as any bank that I know anything about, would have a million dollars of circulation to-morrow.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. GLASS. Yes.

Mr. REED. The Senator calls attention to the fact that many banks do not take advantage of the circulation privilege when their profit is about 1 per cent. Unless my mathematics is all wrong, the effect of this amendment will be to make their profit  $3\frac{1}{4}$  per cent after they have paid the tax on their circulation. Does not the Senator think that will affect their conduct?

Mr. GLASS. No; I do not; and not only that, but I do not think a single national bank is going to issue one dollar of this currency unless there is more or less of an insistent demand for it. The Senator from Pennsylvania, I think, is greatly mistaken if he thinks it is going to cause the organization of hundreds of national banks or that the State banks are going to tumble over one another and desert their State charters and take out national-bank charters. The circulation privilege has never been attractive enough either in prestige or profit for this, as witness the fact that State banks, denied the circulation privilege, outnumber national banks about 3 to 1. Moreover, the Senator from Pennsylvania is utterly mistaken in his supposition that national banks would proceed to buy bonds for the profit in circulation. National banks will not have to expend a single dollar for this purpose. They now have more United States bonds than they can conveniently utilize. They can only utilize them through the Federal reserve banking system in the issuance of currency with a 40 per cent gold base, and national-bank expansion does not require anything of that sort.

The Senator from Pennsylvania in the concluding part of his speech, disclaimed any purpose to discredit the validity of national-bank issues; and yet he laid great stress throughout his remarks upon "flat money." The Senator does not think, I am sure, that the \$680,000,000 of national-bank notes now outstanding constitute in any sense or degree "flat money."

Mr. REED. Mr. President, will the Senator yield?

Mr. GLASS. I do.

Mr. REED. I am afraid I must have spoken very badly if I gave the Senator that impression. Of course it is not fiat money; it is an unfortunate and unwise kind of money; but it is perfectly good so long as the credit of the United States is good.

Mr. GLASS. I have always thought that it was an unfortunate, unwise, inelastic, and inoperative currency, for that matter, and for that reason we devised the Federal reserve act eventually to retire it; and it would long ago have been retired but for the fact that the World War came on and we issued so many Government bonds.

The Senator will understand that this measure is not intended to be a permanent proposition at all. The whole thing terminates at the end of five years. For that reason we propose in this bill to modify the existing law with respect to the retirement of national-bank notes at the limit



of only \$9,000,000 a year. It is a temporary expedient, and I say if "expansion" is really required—not to use the objectionable term "inflation"—if expansion is really required, this is a sane, a simple, and a sound way of expanding the currency to meet the exigencies of this particular time. It can do no harm on earth, because it is a temporary arrangement. It expires by limitation of law, and the only purpose of it, the only purpose of those who suggested it—with a single exception, the unanimous action of the Banking and Currency Committee—was to respond to this insistent demand for currency and credit inflation as a cure for the ills that are now besetting the country.

I can not see that it would possibly do one particle of harm. I can see that it would do some good as an effective foil to some dangerous measures already projected. It would at least release 7,600 national banks from the fear that seems to have possessed them and cause them, in some wholesome measure, to begin the banking business again.

With this brief explanation I do not care to detain the Senate longer.

Mr. BLAINE obtained the floor.

Several Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. BLAINE. I prefer to proceed. I understand that the Senate is going to take a recess very shortly. I desire very briefly to present my view of the question at this time, following the discussion of the Senator from Virginia [Mr. GLASS].

The Senator from Virginia was slightly mistaken when he said that the bill, H. R. 11499, as amended, had the unanimous report of the Committee on Banking and Currency. I opposed the adoption of the amendment that was reported by the committee, and which is now the amendment offered by the Senator from Idaho [Mr. BORAH]. I was anxious to have the Goldsborough bill reported out, so that the subject might become a matter of discussion, and that we might pass it, but I did not favor, and do not favor now, the amendment as reported out by the committee and as proposed by the Senator from Idaho.

Mr. WATSON. Mr. President, will the Senator kindly yield for a question?

Mr. BLAINE. I yield.

Mr. WATSON. Does the Senator intend to address the Senate at length?

Mr. BLAINE. I said that I intended to address the Senate very briefly. I shall not take very long. I suggest that my remarks will probably consume about 15 minutes, if I am not interrupted.

Mr. WATSON. I just wanted to make a motion to go over until to-morrow; but if the Senator prefers to address the Senate this afternoon, I will defer that motion.

Mr. BLAINE. I should prefer to go on.

I want to call attention to a few very pertinent facts.

National-bank notes to-day are issued upon the basis of 2 per cent bonds. Those bonds stand at a premium, in recent months, of about  $2\frac{1}{3}$  per cent. When bonds that are drawing an interest rate of  $4\frac{1}{4}$  per cent—or  $2\frac{1}{4}$  per cent more than the present bonds which are the basis for national-bank note circulation—are given the same privilege, it is very easy to appreciate that bonds bearing less than  $4\frac{1}{4}$  per cent will take a crash. The amount of depreciation thereon no one can state.

It can be very readily appreciated, also, that the 3 per cent bonds, which are to-day selling at a discount of about 8 per cent, when subjected to the influences that will be brought about by the adoption of this proposed amendment, will further depreciate. How much we do not know. But every bond bearing an interest rate of less than  $4\frac{1}{4}$  per cent is bound to depreciate and depreciate very materially.

I call attention to another very pertinent fact:

The circulating privilege is conducive to the issuing of national-bank notes because of the profits that are made upon the investment. I desire to analyze what those profits are. The Comptroller of the Currency has issued a table respecting those profits. That table includes as a deduction

the sinking fund in respect to the 2 per cent bonds; but that sinking fund is always invested, is always an income-producing fund; so that should be eliminated from our calculation when we desire to arrive at the actual return upon the investment.

The Comptroller of the Currency also includes 6 per cent on the investment, which, of course, is included as a part of the total net return upon the amount of money invested by a national bank in the purchase of bonds and in issuing its notes.

I am going to use this illustration:

We will assume that there is a \$100,000 proposal for national-bank notes. Taking the figures for 1929, a national bank would have had to purchase a like amount of Panama Canal bonds at the market price of 102.338, or a total cost of \$102,338. The national bank is required to make a deposit of 5 per cent of its circulation in the redemption fund. Therefore it would have to deposit \$5,000 and receive a net circulation of \$95,000 in return for an original investment of \$102,338.

This is the set up. It consists of a premium of \$2,338 and a redemption fund of \$5,000, or a total net investment of \$7,338. Upon this investment the bank receives an income of \$2,000—that is, the interest on the 2 per cent bonds. Its expenses, according to the Comptroller of the Currency, are as follows:

For tax, \$500. Other expenses: The average cost, according to the Comptroller of the Currency, is \$62.50. That makes a total expense of \$562.50, subtracted from \$2,000, the income, which makes a net return of \$1,437.50. This net income on a total investment of \$7,338 is an annual rate of return amounting to  $19\frac{1}{2}$  per cent upon the actual money invested.

Therefore the proposition is very inviting; and it will be observed, as the Senator from Pennsylvania has pointed out, that the national banks have availed themselves of the privilege and have absorbed most of the 2 per cent bond.

The Secretary of the Treasury informs me of another very significant fact. The total interest the Government of the United States has paid to national banks for the privilege they have in issuing national-bank notes, from the time such bank notes have been authorized, down to and including 1931, is \$892,173,366.10.

The Secretary of the Treasury informs me in a letter dated April 7, 1932, that the average annual interest that the Federal Government pays to the national banks for issuing the national-bank notes is \$13,316,000. In other words, it has cost the Government of the United States on an average \$13,316,000 a year for the past 67 years for the privilege which the national banks exercise in issuing national-bank notes. The Government pays on its 2 per cent bonds to the national banks over \$13,000,000 a year in interest, and the national banks issue money against those bonds and the Government guarantees that money, and in effect pays interest on its own money.

Mr. FLETCHER. Interest on the bonds?

Mr. BLAINE. Interest on the bonds; and the national banks receive as a return upon their net investment  $19\frac{1}{2}$  per cent. Therefore the proposition is a very attractive one, and it appears obvious to me that when we make  $4\frac{1}{4}$  per cent bonds eligible for national-bank note circulation the national banks will receive a greater net return upon the actual money they invest, and all other bonds issued by the Government are bound to take a slump.

Mr. President, to my way of thinking there is more danger in this proposed amendment than in any other proposal relating to our monetary system that has been seriously considered at this session of the Congress.

If we are going to undertake to increase the circulating medium through some system of this kind, why not make all Federal bonds eligible as a basis for the issuance of Federal reserve bank notes by the Federal reserve banks? Whatever profits then made in issuing the Federal reserve bank notes would be turned into the Federal Treasury as a part of the franchise tax as now provided by law.

Therefore, Mr. President, this proposition means this: That in the issuing of future United States bonds we will be compelled, in order to maintain their value at par, to make every bond draw as high a rate of interest as does any existing bond. It also means that all bonds of the Federal Government bearing less than  $4\frac{1}{4}$  per cent are bound to crash in the market, and that we can reasonably anticipate.

Mr. FLETCHER. Mr. President, the Senator realizes, I take it, that these 2 per cent bonds are already held by the banks, owned by the banks, and mostly by the very large banks.

Mr. BLAINE. Exactly; the 2 per cent bonds are. Of course, as those 2 per cent bonds are retired by the Federal Government, as they are paid off, bonds drawing a higher rate of interest can be substituted for them.

All other bonds which are eligible, but which draw a lower rate of interest than  $4\frac{1}{4}$  per cent, and particularly the 3 per cent bonds, selling now at around 92, we all must understand would be subjected to a tremendous depreciation.

That would not occur under the Glass-Steagall bill, as all bonds hold a relative value as a basis for the issuing of Federal reserve notes, and it would not occur under the Goldsborough bill.

Mr. President, the added amount of currency would have little or no influence upon the present situation. We would assure a depreciation in our Federal bonds, and it would mean that all future bonds issued by the Government would bear the highest prevailing rate of interest, and the national banks would make a return upon their investment far above their present return of  $19\frac{1}{2}$  per cent.

The national banks of to-day hold  $4\frac{1}{4}$  per cent bonds. Every one of them would at once indulge the privilege of issuing national-bank notes to the limit, and every one of them would receive a return upon the actual money invested of twice the amount that is received under the Panama or 2 per cent bonds. It would be an invitation for the creation of additional national banks, with no assurance that the added currency would ever reach those who produce the commodities of our country or render the labor necessary for the production of those commodities. The probabilities are that the added currency would find its way at once into the stock market and speculation.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the President pro tempore:

H. R. 10600. An act to exempt from the quota husbands of American citizens; and

H. J. Res. 336. Joint resolution construing section 503 (b) of the tariff act of 1930.

ACQUISITION OF LAND ADJACENT TO BOLLING FIELD

Mr. FLETCHER. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 1077, an important bill recommended by the department and favorably reported by the Committee on Military Affairs. It is the bill (H. R. 11732) to amend section 2 of an act approved February 25, 1929 (45 Stat. 1303), to complete the acquisition of land adjacent to Bolling Field, D. C., and for other purposes.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Military Affairs with amendments, on page 2, line 3, to strike out "numbered" and insert "numbered," and on page 2, after line 22, to insert new sections 3 and 4, so as to make the bill read:

*Be it enacted, etc.,* That section 2 of the act approved February 25, 1929 (45 Stat. 1303), authorizing the Secretary of War to acquire by purchase or condemnation real estate adjacent to Bolling Field, Washington, District of Columbia, for the extension and development of said flying field, is hereby amended so as to increase the amount therein authorized to be appropriated from \$666,000 to \$714,420.12, which amount includes the sum of \$16,791.21, the balance due on two parcels of land numbered 13

and 14, for which final judgment in condemnation proceedings has been entered against the United States of America, together with such additional sum as may be necessary to pay interest at the rate stipulated and in accordance with the judgments rendered.

Sec. 2. That of the \$42,000 authorized by an act approved February 18, 1928 (45 Stat. 129), appropriated by the act approved March 23, 1928 (45 Stat. 338), and continued available until expended by the act approved July 3, 1930 (46 Stat. 909), for the construction of an administration building at Bolling Field, so much as may be necessary is hereby authorized to be made available for the completion of the acquisition of the remaining parcels of real estate adjacent to said flying field not heretofore taken under declarations of taking pursuant to provisions of an act approved March 1, 1929 (45 Stat. 1415), authorized to be acquired by an act approved February 25, 1929, supra, including interest at the rate stipulated and in accordance with judgments.

Sec. 3. That the Secretary of War is hereby authorized in his discretion (1) to terminate the contract entered into June 1, 1925, between the United States and A. T. Williams, of Jacksonville, Fla., for the sale and purchase of the St. Johns Bluff Military Reservation, in Florida, (2) to execute a quitclaim deed therefor to A. T. Williams, or his executors, upon the receipt of an amount including interest aggregating not less than ten times the official appraised value made of said reservation prior to the time it was offered for sale.

Sec. 4. Nothing in this act shall be construed as authorizing the Secretary of War to refund any sum of money received as principal or as interest under the provisions of the contract of sale and purchase entered into with A. T. Williams for the St. Johns Bluff Military Reservation, and the acceptance of the deed hereby authorized shall constitute a final and complete bar, accord and satisfaction to any claim by any person for any such refund in whole or in part.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

CONDITION OF AGRICULTURE

Mr. GLASS. Mr. President, I ask unanimous consent to have printed in the RECORD an address by an outstanding agriculturist in my State, Mr. W. P. Buchanan, of Washington County, Va., entitled "What Is the Matter with Agriculture?"

The PRESIDENT pro tempore. Without objection, it is so ordered.

The address is as follows:

Something is radically wrong. The symptoms are unmistakable. The condition has persisted for more than a decade. It is noticeable that no effective remedy has been applied; every treatment administered has left the patient in a progressively worse condition. Upon the principle that every effect is due to a cause, the thoughtful farmer is beginning to doubt the accuracy of the various diagnoses. This suggests to his mind the need of a change of doctors—the only really hopeful symptom the patient has shown.

The condition complained of is not so complicated that it can not be understood. The average farmer's budget is unbalanced. That much is quite plain. It is equally clear that his budget can be balanced only by either reducing his outgo or increasing his income, or by both. The writer would suggest both, with this qualification—reduce expenditures for nonessentials and if need be spend more for essentials. The cost of a plan or practice is not all important if it is done in the right way and if it is within one's means; the vital question is: Will the result show a profit, and will the profit be sufficiently great to justify the risk involved?

SUBSIDY NOT WANTED

Most, if not all, of the major farm relief plans advanced up to this time involve a Federal subsidy, indirectly though it be. As a close-to-the-soil farmer who lived on the farm let me say positively that I do not believe that farmers as a class, and but a few as individuals, want any subsidy. Neither do they want organized interference, governmental or otherwise, with the natural flow of farm commodities in commerce. The farmer, more than anyone else, knows that nature will ultimately have her way; and he prefers that natural methods direct the course of his commodities after they have been produced.

In the production end it is well known that natural laws can not successfully be set aside; by now it is surely understood that such artificial barriers as holding a rapidly accumulating surplus, with no control over production, can have but one possible result. We now suffer from that result. Furthermore, the mere size of the present governmental operations in certain agricultural commodities intimidates the normal trader and deters him from normal operations. Certain of them are called "gamblers," I believe. As a gambler, who equals the farmer? But right here let's be honest with ourselves: If you had a thousand bushels of wheat for sale or a crop of cotton, or of corn, would you prefer 1 bidder or 10 bidders? If the commodity exchanges suffer from evil practices, by all means correct them—but do not destroy natural markets because unprincipled individuals sometimes use them for dishonest purposes.



## FARMER MUST EMULATE BIG-BUSINESS SOUND PRACTICES

The farmer needs to follow some of the despised practices of big business. For instance, in normal times the manufacturer fixes the price of his product; only, however, as he fits production to consumptive demand. It is encouraging to note that similar plans for the control of agricultural production are now being developed. Times like these are being utilized by progressive manufacturers both to gage the future and to prepare for it; to improve methods of production; to improve the article produced; and where the need is indicated, to bring out even entirely new articles. How can the farmer adapt that principle? By developing and broadening the scope of his vision and by sound, constructive thinking. Granting that there may be exceptions—but the writer knows of none—there are probably few important agricultural sections of the United States in which new lines could not be profitably adopted to some degree.

## IMPORTANCE OF LITTLE THINGS

As does the manufacturer, especially in times like the present, so also must the farmer pay more attention to the little things. In the very nature of his business the successful farmer must do this at all times. Speaking in a general way, the loss of this one point is sufficient to spell the difference between profit and loss. World War prices and conditions dulled perception of the value of little things. Everybody thought in large sums. The farmer was no exception, but it seems to have done him more permanent injury than almost any other class; possibly due to the fact that he is his own boss.

It may not be amiss at this point to recommend a very fine piece of agricultural literature to the farmer who reads this article. I refer to one of the older works, and yet it is right up to the minute. Its circulation is tremendous, but it is evidently given too little consideration in recent years by many people in arranging their daily reading. While not written primarily as a work on agriculture, I have yet to find its equal even for that purpose. It describes the master farmer's wife, treats of livestock, agronomy, and deals with all the farmer's problems. In this connection I would call the reader's attention to second chapter, fifteenth verse, of Songs of Solomon: "Take us the foxes, the little foxes, that spoil the vineyards."

## THE FARMER MUST STOP DECEIVING HIMSELF

We farmers need to be honest with ourselves. Are we? I would like to stress that. It is no idle comment. To deceive another is indefensible; to deceive one's self is utterly foolish. How many times do we deliberately fool ourselves in our planning or execution? It is generally in our execution; at times it is so much easier to do a thing an easy way than to do it the best way. Right there millions of dollars of losses are sustained annually by the farmers of this country. Perhaps farmers have more general knowledge of their occupation than any other class of people and use it less wisely.

If that remark nettles you, please remember that it is written by a farmer out of abundant experience and observation. We need to think more. We need constructive imagination. We need courage. What does this mean? First, make an accurate mental picture of your own farm and its various productive possibilities, not only the things which you are doing more or less through force of habit but the other things you might do; study carefully competitive conditions and see how they may be met or avoided, and having done these summon a high order of courage to carry through your plans. This requires clear and sound thinking, which of itself is stimulating. All of this is said in spite of the fact that so many politicians and would-be leaders of agriculture act as though they thought that the farmer had neither the right nor the capacity to think. He has both. Unfortunately he exercises neither to anything like the extent his problems require.

Abandon old practices, if unprofitable, and substitute new ones in a careful, constructive way. All of this may sound like plain talk. It is. It is so intended. The largest industry in this country is bogged down; not just temporarily, as will presently be shown, and it is time for a plain and sincere discussion of the reasons for that condition with a view to finding sound remedies of a permanent character. Let us keep constantly before us the idea that this calls also for plain, straight thinking upon the part of the individual farmer as much as on the part of those who are directing the various agencies which are endeavoring to benefit him. Without straight thinking and well-considered action on the part of the individual farmer, no amount of governmental assistance is going to do him any good. I believe there is no other approach to a permanent solution. Continued use of many methods and ideas of the preceding generation is to no little degree responsible for agriculture's present plight.

For instance, in certain sections where it costs considerably more than a dollar a bushel to produce wheat, why deliberately continue to attempt to compete with low-cost areas? And wheat is not the only crop produced under similar impossible conditions. But to merely discontinue unprofitable hoary practices is not enough. That is only the half of it. Profitable substitutes must be adopted. Of course, that requires thought and lots of it. I doubt if there is an important agricultural community in the entire country in which one or more successful individual farmers do not stand out because of their practice of that doctrine.

## INVEST IN ESSENTIALS

It requires the expenditure of money to make money, in farming as in other lines of endeavor. It will bear repeating that essential expenditures should come first; and in these times we

need to be as certain as can be of the accuracy of our judgment as to what is essential. Most of us have been spending for the wrong things, and are still doing it; not necessarily spending too much, if only we spent for the right things. But we must keep within our means. Easy credit in nearly every direction has been our undoing.

## TAX BURDEN DELAYS RETURN TO NORMAL

The farmers have at least one thing in common with wealth and big business—together we pay most of the country's tax bill. Not only as to the farmer, but I think it may be said of these others as well, perhaps the greatest obstacle to a return to normal business conditions is the crushing tax burden. Correction of this is more difficult because of interest and sinking-fund payments on debts resulting from our orgy of public spending during the "new era" and also because of multiplied bureaus and agencies of doubtful value. Interest now being manifested in Government and tax matters—local, State, and National—is a fine thing and will no doubt lead to an improved situation.

## WHAT GOVERNMENT SHOULD DO AND WHAT IT SHOULD NOT DO

Some say the way out is for the farmer to produce less. That is undoubtedly true of certain commodities and would appear to apply to all major farm crops just at this time. But to ignore for the moment our immediate problem of surpluses, and take a long-time view of the farming industry as a whole, we need developments in opposite directions, as follows:

(1) For some of the major crops, as the cereals and cotton, we need wider outlets. While present avenues of consumption can and will absorb larger quantities of these commodities under more favorable conditions than obtain at the present time, that alone is not sufficient. Development of new uses is important. For example, the cotton plant has almost unlimited possibilities in addition to its present ordinary uses. Some important work has been done along this line; but, in relation to its importance to the entire world, the surface has scarcely been scratched. This very thing constitutes a challenge to our very best scientific thought. Who knows but that developments along this line may supply the stimulus to revive industry and put it on the road to heights of achievement never before attained? Why continue to pour out public funds for alleged farm relief in ways that, no one will deny, have done serious injury to the intended beneficiaries, not to mention evil effects upon practically every other element in the community? Use a small amount of that total in a business-like way to create something constructive and of permanent value. It would not require nearly so many millions as have been wasted up to the present time in trying to do the impossible. A determined effort to find new and profitable commercial uses for certain of the crops, an effort comparable to that of science during the World War period, should bring fine results. In the nature of the case this is largely governmental function. Such an accomplishment would justify an even larger volume of production of such crops—and likely lower the cost per unit.

(2) There should be established a system of control to regulate, annually, agricultural production so as to adjust the quantity of the various crops to the probable requirements. This is regarded by many as entirely practicable. A definite plan is now being considered. Until this or some other effective device is adopted for control of production it is sheerest folly to spend hundreds of millions of dollars in so-called stabilization efforts. Some industries have such a short process of manufacture that they are able to operate for a single day and then close down for the balance of the week if the 1-day operation supplies their orders for that period; others, having a longer process, regulate production to demand in periods of a month or longer. The farmer's period of production being longer, as to some crops the entire year and even longer than that, it is necessary that his new supplies of commodities be adjusted to prospective demand by annual periods. To emphasize this point let's suppose that a manufacturer's volume of production were inflexible, so that he found it impossible to adjust it to demand except at the end of each year. Where would he find himself ultimately? Conversely, if the farmer's production were based upon a reliably estimated need, the determining factor in his profits would be largely his ability to produce a superior article relatively cheap.

In any event we must get away from the idea of price fixing as a solution of our troubles. Let economic laws fix the price; it is then up to the individual farmer to produce at a cost to show a profit, lose money, or try some other crop or occupation. Exactly the same economic laws govern in agriculture as in banking or in other business. The utter fallacy of doctrines to the contrary has been abundantly demonstrated during the last two or three years.

A sick world is crying for relief from the false economic theories and bad individual practices which have brought it to its present deplorable condition.

Before closing let me mention one other thing. It has to do with the farmer's morale. For a long time, up until about two years ago, both press and platform dwelt at length upon the farmer's pitiable plight. It is a high tribute to his moral stamina that he did not surrender under it all. I think it is a tribute to his common sense as well. Amongst the several blessings that flow to the farmer from the present depression—and they are many, both as to the farmer and others as well—may be mentioned the fact that the manufacturers, merchants, and bankers have all been so occupied with their own problems that they have had no time to shed crocodile tears over the plight of the farmer.



Give us a sincere and earnest effort by our best scientific talent, governmentally directed, to establish new and profitable commercial uses for farm commodities; an effective system for adjusting production to probable requirements; take the insincere-type politician and the professional would-be agricultural leader off of our backs, and substitute in their stead some real honest-to-goodness farmers in the higher councils of governmental agriculture, and the farmer will stage his comeback along with the other industries, if not earlier.

#### UNEMPLOYMENT RELIEF

Mr. COSTIGAN. Mr. President, I send to the desk and ask to have printed in the RECORD and referred to the Committee on Manufactures an editorial on unemployment relief entitled "This Can Not Be Delayed," appearing in the Washington Daily News of to-day, July 8, 1932.

There being no objection, the editorial was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

[From the Washington Daily News, July 8, 1932]

#### THIS CAN NOT BE DELAYED

The House of Representatives has adopted a compromise relief bill not particularly satisfactory to anyone, violently opposed by many. It will be killed either by the Senate or by the President. The work of getting tangible, practical relief to the people who need it must start again at the beginning.

This time politics should be left out of the discussion. Success in a political campaign is important to a great many people, but it is far more important that citizens be saved from suffering and that the country be saved from the wrath of men made desperate by want.

It is important, first, that adequate funds be provided to assure care for all who may be in need. Some weeks ago the Senate passed an emergency hunger relief bill, separating this fund from the controversial provisions of the present measure which are intended to lessen unemployment. Speaker GARNER prevented passage of this emergency bill, forcing it to travel the slow, troublesome path of the other relief provisions.

Without delay both Houses should make money available to the States for this purpose. They should be very sure that the amount is sufficient to meet all needs.

In his proposal that the Government take over the function heretofore performed by banks and loan to private business firms and to individuals, Speaker JOHN GARNER has raised a fundamental economic question. It has never been debated adequately in either House of Congress nor in the committees of either House. It is not enough for GARNER and his friends to say in its defense that help must be given the little fellow as well as the big industries on top. Nor is it enough for the President to say in opposition that the proposal would lead the Government into pawn-broking on a gigantic scale.

Most of us will agree with the purpose announced by GARNER. On the other hand, most of us want to be shown that the Garner plan actually will bring benefit to men at the bottom of the economic scale, that it will do something to increase the purchasing power of the country rather than simply increase further or maintain the producing power.

A study of this problem should have been started months ago. The lateness of the day is added reason why it should be undertaken at once. Committees of the Senate and House, or a joint nonpartisan committee of both Houses, should review the whole problem at once with expert assistance. They should consider at the same time the interesting proposal of the railroad brotherhoods, sponsored by Senator COSTIGAN and Representative LA GUARDIA, for putting Government credit behind needy consumers.

Such a study should not take long. Congress should wait in Washington until it is completed and should then, at last, come to grips with the problem—the problem of creating work for those who have none and restoring the general purchasing power as the first essential step toward making industry function normally again.

But in the matter of direct relief to prevent suffering there is no excuse for any delay. Such a bill should be passed separately, at once. To hold it back for political advantage is little short of criminal.

#### HIGHWAY ACROSS MILITARY RESERVATION, SPRINGFIELD ARMORY, MASS.

Mr. REED. Mr. President, on behalf of the Senator from Massachusetts [Mr. COOLIDGE] I ask unanimous consent that Calendar 1076 may be considered. It is almost a private bill authorizing the city of Springfield, Mass., to build a highway bridge across a part of the Springfield Armory property. It is recommended by the War Department and opposed by nobody.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the bill (H. R. 7293) requesting the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway and bridge across the United States military reservation at the

Springfield Armory, Mass., was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of War be, and he is hereby, authorized to grant to the city of Springfield, Mass., permission to construct and to maintain a highway across the United States military reservation of the Springfield Armory and, as part thereof, a highway bridge across the Watershops Pond upon said reservation, the highway and bridge to be not over 100 feet in width, except as bridge abutments may of necessity exceed that width; the aforesaid highway and highway bridge to be located, at the option of the city of Springfield, Mass., at any position between the two limit lines marked "A-A" and "B-B" upon the plat S. A. 6066, dated October 19, 1931, and approved November 30, 1931, which limit lines are further described as follows, namely:

Line "A-A": Starting at a point on the northerly line of Hickory Street 161 feet westerly from the stone bound marking the northeasterly point of the intersection of Hickory Street and Whitman Street and running thence south 36° 35' west to and beyond the southerly shore line of Watershops Pond, crossing the boundary of the United States military reservation at two points approximately as follows: One on the line joining corners 158 and 159 of Plate X of Springfield Armory land plans book at a distance of about 35 feet easterly from corner 158 and the other point on the line joining corners 706 and 707 at a point about 35 feet northeasterly from corner 707.

Line "B-B": Starting at a point on northwesterly line of Hickory Street 65 feet southerly from a stone bound on said line of Hickory Street which is located approximately 45 feet south from the southerly side of Bonnyview Avenue, and running thence south 24° 4' 55" east to and beyond the southerly shore line of Watershops Pond, crossing the boundary line of the United States military reservation at two points approximately as follows: One on line adjoining corners 176 and 175 at a distance of about 20 feet southwesterly from corner 176 and the other point on the line joining corners 683 and 684 at a point about 125 feet, approximately, from corner 683: *Provided, however,* That prior to construction of said highway and highway bridge across the aforesaid reservation, plans showing the location and design thereof shall be submitted to the commanding officer of the Springfield Armory, and by that officer approved as providing adequate clear channel for stream flow and as otherwise free from interference with the proper interests of the United States in and to the aforesaid reservation and the Watershops Pond located thereupon: *Provided further,* That the construction of said highway and bridge and the maintenance thereof shall be without cost to the United States.

The title was amended so as to read: "An act authorizing the Secretary of War to grant to the city of Springfield, Mass., permission to construct and maintain a highway bridge across United States military reservation at the Springfield Armory, Mass."

#### RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 6 o'clock and 5 minutes p. m.) took a recess until to-morrow, Saturday, July 9, 1932, at 11 o'clock a. m.

#### NOMINATIONS

*Executive nominations received by the Senate July 8, 1932*

#### PROMOTIONS IN THE REGULAR ARMY

##### To be colonels

Lieut. Col. Kenyon Ashe Joyce, Cavalry, from July 1, 1932.  
Lieut. Col. Francis Joseph Behr, Coast Artillery Corps, from July 1, 1932.  
Lieut. Col. Fred Hays Turner, Infantry, from July 1, 1932.  
Lieut. Col. Howard Carlyle Tatum, Cavalry, from July 1, 1932.

##### To be lieutenant colonels

Maj. Robert Christie Cotton, Infantry, from June 30, 1932.  
Maj. George Barrett Glover, jr., Infantry, from July 1, 1932.  
Maj. Roy Alison Hill, Infantry, from July 1, 1932.  
Maj. Charles Kilbourne Nulsen, Infantry, from July 1, 1932.  
Maj. Theodore Kendall Spencer, Infantry, from July 1, 1932.  
Maj. Edwin Martin Watson, Field Artillery, from July 1, 1932.

##### To be majors

Capt. James Louis Guion, Ordnance Department, from June 30, 1932.



Capt. George Douglas Wahl, Field Artillery, from July 1, 1932.

Capt. Basil Harrison Perry, Field Artillery, from July 1, 1932.

Capt. Harold Rufus Jackson, Coast Artillery Corps, from July 1, 1932.

Capt. Ray Hartwell Lewis, Field Artillery, from July 1, 1932.

Capt. Augustus Milton Gurney, Field Artillery, from July 1, 1932.

Capt. John Trott Murray, Infantry, from July 1, 1932.

Capt. Morris Keene Barroll, jr., Ordnance Department, from July 1, 1932.

#### *To be captains*

First Lieut. Vernon Leslie Nash, Infantry, from June 30, 1932.

First Lieut. Neal Dow Franklin, Infantry, from July 1, 1932.

First Lieut. Harold W. Smith, Coast Artillery Corps, from July 1, 1932.

First Lieut. Henry Joachim Boettcher, Infantry, from July 1, 1932.

First Lieut. Lonnie Ottis Field, Field Artillery, from July 1, 1932.

First Lieut. Melvin B. Asp, Air Corps, from July 1, 1932.

First Lieut. Maurice Stewart Kerr, Infantry, from July 1, 1932.

First Lieut. Orley DeForest Bowman, Coast Artillery Corps, from July 1, 1932.

#### *To be first lieutenants*

Second Lieut. Rothwell Hutton Brown, Infantry, from June 30, 1932.

Second Lieut. Irvin Schindler, Field Artillery, from July 1, 1932.

Second Lieut. Charles Owen Wiselogle, Field Artillery, from July 1, 1932.

Second Lieut. Albert Jerome Thackston, jr., Infantry, from July 1, 1932.

Second Lieut. Joseph Roy Dougherty, Infantry, from July 1, 1932.

Second Lieut. Arthur Hodgkins Bender, Coast Artillery Corps, from July 1, 1932.

Second Lieut. Clarence Daniel Wheeler, Air Corps, from July 1, 1932.

Second Lieut. Walter Sylvester Lee, Air Corps, from July 1, 1932.

Second Lieut. Manning Eugene Tillery, Air Corps, from July 1, 1932.

Second Lieut. Cleo Zachariah Shugart, Infantry, from July 1, 1932.

#### MEDICAL CORPS

##### *To be captains*

First Lieut. Jesse Benton Helfrich, Medical Corps, from July 1, 1932.

First Lieut. Thomas Albert Wildman, Medical Corps, from July 1, 1932.

First Lieut. Duran H. Summers, Medical Corps, from July 1, 1932.

First Lieut. Frederick Stephen Craig, Medical Corps, from July 1, 1932.

First Lieut. James Hedges Forsee, Medical Corps, from July 1, 1932.

First Lieut. Walter Atwater Carlson, Medical Corps, from July 1, 1932.

First Lieut. Clarke Horace Barnacle, Medical Corps, from July 1, 1932.

First Lieut. Robert Moore Allott, Medical Corps, from July 1, 1932.

First Lieut. Steven Vincent Guzak, Medical Corps, from July 1, 1932.

First Lieut. Thomas Christy Gentry, Medical Corps, from July 1, 1932.

First Lieut. Edward Joseph Tracy, Medical Corps, from July 1, 1932.

First Lieut. Arnold Archibald Albright, Medical Corps, from July 1, 1932.

First Lieut. Robert Cabaniss Gaskill, Medical Corps, from July 1, 1932.

First Lieut. Dan Clark Ogle, Medical Corps, from July 1, 1932.

First Lieut. William Spencer Stone, Medical Corps, from July 1, 1932.

First Lieut. Milford T. Kubin, Medical Corps, from July 1, 1932.

First Lieut. John Edward Pluenneke, Medical Corps, from July 1, 1932.

First Lieut. James Donley Gardner, Medical Corps, from July 1, 1932.

First Lieut. Emmett Bryan Litteral, Medical Corps, from July 1, 1932.

First Lieut. Austin Lowrey, jr., Medical Corps, from July 1, 1932.

First Lieut. Jasper Newman Knox, jr., Medical Corps, from July 1, 1932.

First Lieut. Carl Willard Tempel, Medical Corps, from July 1, 1932.

First Lieut. Nuel Pazdral, Medical Corps, from July 1, 1932.

First Lieut. George Dewey Newton, Medical Corps, from July 1, 1932.

First Lieut. George Edward Leone, Medical Corps, from July 1, 1932.

First Lieut. Albert Henry Schwicktenberg, Medical Corps, from July 1, 1932.

First Lieut. Ehrling Lloyd Bergquist, Medical Corps, from July 1, 1932.

First Lieut. Wendell Axline Weller, Medical Corps, from July 1, 1932.

First Lieut. Clinton Stone Lyter, Medical Corps, from July 1, 1932.

First Lieut. Walter Lee Peterson, Medical Corps, from July 1, 1932.

First Lieut. Russell Samuel Leone, Medical Corps, from July 1, 1932.

First Lieut. Dwight Moody Kuhns, Medical Corps, from July 1, 1932.

First Lieut. Lawrence Abraham Matternes, Medical Corps, from July 1, 1932.

First Lieut. Arthur Lyman Streeter, Medical Corps, from July 1, 1932.

First Lieut. John Alexander Isherwood, Medical Corps, from July 1, 1932.

First Lieut. Harold Bradley Luscombe, Medical Corps, from July 1, 1932.

First Lieut. Charles Lewis Baird, Medical Corps, from July 1, 1932.

First Lieut. Thomas Neilson Page, Medical Corps, from July 1, 1932.

First Lieut. Samuel Leonard Cooke, Medical Corps, from July 1, 1932.

First Lieut. Harold Eastman Coder, Medical Corps, from July 1, 1932.

First Lieut. Victor Allen Byrnes, Medical Corps, from July 1, 1932.

First Lieut. William Smith George, Medical Corps, from July 1, 1932.

First Lieut. Kenneth George Gould, Medical Corps, from July 1, 1932.

First Lieut. Gustave Everett Ledfors, Medical Corps, from July 3, 1932.

#### DENTAL CORPS

##### *To be lieutenant colonel*

Maj. Charles DeWitt Deyton, Dental Corps, from July 5, 1932.

#### WITHDRAWAL

*Executive nomination withdrawn from the Senate July 8, 1932*

#### UNITED STATES MARSHAL

B. B. Montgomery, of Mississippi, to be United States marshal, northern district of Mississippi, to succeed Charles R. Ligon, whose term expired May 5, 1930.